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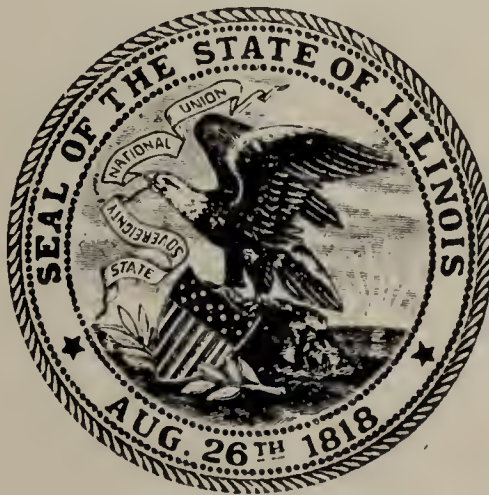
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Mutual Building, Loan and Homestead Associations

IN FORCE JULY 1, 1919

As Amended by an Act Approved June 30, 1925; in force July 1, 1925; as Amended by an Act Approved June 21, 1929, in force July 1, 1929; as Amended by an Act Approved June 24, 1929, in force July 1, 1929; as Amended by an Act Approved February 19, 1932, in force February 19, 1932; as Amended by an Act Approved April 28, 1932, in force April 28, 1932; as Amended by an Act Approved December 13, 1932, in force December 13, 1932; as Amended by an Act Approved June 13, 1933, in force June 13, 1933; as Amended by an Act Approved October 31, 1933, in force October 31, 1933; as Amended by an Act Approved May 14, 1934, in force July 1, 1934; as Amended by an Act Approved July 11, 1935, in force July 11, 1935; as Amended by an Act Approved and in force July 9, 1937; as Amended by an Act filed July 13, 1937, in force July 21, 1937.



Compiled by
EDWARD J. BARRETT
Auditor of Public Accounts

[Printed by authority of the State of Illinois]

1938



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(500—2-38)

AN ACT IN RELATION TO MUTUAL BUILDING, LOAN AND HOMESTEAD ASSOCIATIONS.

(In force July 1, 1919, as amended by an Act approved June 30, 1925, in force July 1, 1925; as amended by an Act approved June 21, 1929, in force July 1, 1929; as amended by an Act approved June 24, 1929, in force July 1, 1929; as amended by an Act approved and in force February 19, 1932; as amended by an Act approved and in force April 28, 1932; as amended by an Act approved and in force December 13, 1932; as amended by an Act approved and in force June 13, 1933; as amended by an Act approved and in force October 30, 1933; as amended by an Act approved May 14, 1934, in force July 1, 1934; as amended by an Act approved and in force July 11, 1935; as amended by an Act approved and in force July 9, 1937; as amended by an Act filed July 13, 1937, in force July 21, 1937.)

2 SECTION 1. [DEFINITION.] *Be it enacted by the People of the State*
3 *of Illinois, represented in the General Assembly:* Every association here-
4 tofore or hereafter organized under any law providing for the incorpora-
5 tion of building, loan and homestead associations, and every association
6 heretofore or hereafter organized or incorporated under any law for the
7 purpose of assisting its members to accumulate and invest their savings,
8 by accumulating a fund from periodical payments on its stock, or otherwise
9 to be loaned among its members, shall be known in this Act as a mutual
10 building, loan or homestead association.

11 Associations organized under this Act may operate under either
12 the Serial, or the Permanent Plan, or both, as their by-laws may provide.
13 Associations issuing shares at fixed times, or in series, shall be known as
14 Serial Associations, and associations issuing shares with a minimum pay-
15 ment, or when required, or without fixed date of issue, shall be known as
16 Permanent Plan Associations. Such associations organized under the
17 laws of this State shall be known as "domestic" associations, and those
18 organized under the laws of any other State, Territory or Nation, shall
19 be known as "foreign" associations.

2 SEC. 2. [LICENSE, HOW OBTAINED.] Whenever any number of per-
3 sons, not less than ten (10) may desire to become incorporated as a
4 mutual building, loan or homestead association, for the purpose of ac-
5 cumulating funds to be loaned to the members thereof only, they shall
6 make a statement to that effect under their hands and seals, duly acknowl-
7 edged before some officer in the manner provided for the acknowledg-
8 ment of deed. Such statement shall set forth the name of the proposed
9 association, the capital stock to be accumulated, its location and the dura-
10 tion of the association, which statement shall be filed in the office of the
11 Auditor of Public Accounts. The Auditor of Public Accounts shall
12 thereupon issue to such persons a license as commissioners to open books
13 for subscription to the shares of stock of said association at such time and
14 place as they may determine; Provided, however, That the Auditor of
15 Public Accounts may withhold the issuing of a license to commissioners to
16 open books for subscription to the shares of stock of said association if he
17 is not satisfied as to the personal character and standing of the officers or
18 directors to be elected, or if the proposed location would not warrant the
19 issuance of a charter, but no charter shall be issued to two associations
having the same or similar names.

2 SEC. 3. [MUST ORGANIZE AND DO BUSINESS UNDER THE ACT—PENALTY.]
It shall be unlawful for any company, association, corporation, organiza-

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tion or co-partnership, assuming to be a company or corporation, to transact business in this State for the purpose of receiving or accepting moneys from their subscribers, contributors or members, in installments for the purpose of creating a fund with which to make loans to members only, unless such company, association, corporation, organization or co-partnership is organized and doing business under this Act, and whoever violates any provision of this section shall be punished by a fine of not more than one thousand dollars (\$1,000). The same may be recovered in any court having competent jurisdiction in the name of the People of the State of Illinois on the relation of the Auditor of Public Accounts for the benefit of the county wherein such person or persons, association or corporation is located.

SEC. 4. [MEETING TO ORGANIZE.] That whenever five hundred shares or more of the capital stock shall be subscribed in cities, towns or villages of fewer than five thousand inhabitants; and one thousand shares or more in cities, towns or villages of five thousand inhabitants or more, the commissioners shall convene a meeting of the subscribers for the purpose of electing at least five subscribers as directors, adopting by-laws and the transaction of such other business as shall come before them. Notice thereof shall be given by depositing in the postoffice, properly addressed to each subscriber, at least ten days before the time fixed, a written or printed notice, stating the object, time and place of such meeting.

The directors named in the certificate of incorporation shall hold office until the first annual meeting of the shareholders. At such annual meeting and at each annual meeting thereafter, the shareholders shall, except as hereinafter provided, elect directors for a term of one year. When the board of directors consists of nine or more members, in lieu of electing the whole number of directors annually, the shareholders may divide the board of directors into three classes numbered consecutively, the term of office of the first class to expire on the day of the annual election of such corporation then next ensuing, that of the second class one year thereafter, and that of the third class two years thereafter. No class shall consist of less than three. At each annual election after such classification, the number of directors equal to the number of the class whose term expires on the day of such election shall be elected for a term of three years. Each director shall hold his office for the term for which he is elected, and until his successor is elected and qualified.

SEC. 5. [ORGANIZATION COMPLETED.] The commissioners shall make a full report of their proceedings, including therein a copy of the notice provided for in the foregoing section, a copy of the subscription list, a copy of the by-laws adopted by the association, and the names of the directors elected and their respective terms of office, which report shall be sworn to by at least a majority of the commissioners and shall be filed in the office of the Auditor of Public Accounts, and the Auditor of Public Accounts shall submit said by-laws to the Attorney General, who shall report whether such by-laws conform to the requirements of this Act, and if approved by the Attorney General, the Auditor of Public Accounts shall thereupon issue a certificate of the complete organization of the association, making a part thereof a copy of all papers filed in his office in and about the organization of the association, duly authenticated under his hand and seal of office; and the same shall be recorded in the office of the recorder of deeds in the county in which the principal office of the association is located. Upon recording said copy the association shall be deemed fully organized and may proceed to business.

Unless any such association shall organize and proceed to business as provided in this Act within six months after the date of such license, the license shall be deemed revoked and all proceedings thereunder void.

21 All subsequent amendments or alterations of said by-laws shall be sub-
 22 mitted to the Auditor of Public Accounts and approved by the Attorney
 23 General, and be recorded in like manner as the original by-laws before
 24 the same shall become operative; and only such by-laws as shall have
 25 been submitted, approved and recorded as herein provided shall be
 26 deemed operative.

SEC. 6. [CORPORATE RIGHTS.] Corporations formed under this Act
 2 shall be bodies corporate and politic for the period for which they are
 3 organized; may sue and be sued; may have a common seal, which they
 4 may alter or renew at pleasure.

SEC. 7. DIRECTORS—OFFICERS. The corporate powers shall be exercised by
 2 a board of directors of not less than five (5) in number, all of whom shall be bona
 3 fide shareholders in such association and residents of the State of Illinois. The
 4 officers shall consist of a president, vice-president, secretary, treasurer and such
 5 other officers as the by-laws shall provide, to be elected at the annual meeting
 6 of the directors; provided, however, any one person may be elected and serve as
 7 secretary and treasurer or secretary-treasurer. The duties of the officers, their
 8 terms of office, the time and manner of their election, the manner of filling vacan-
 9 cies, the time of holding periodical meetings of the officers and shareholders, the
 10 manner of calling special meetings not provided for in this Act, the qualifications
 11 of electors, and the manner of voting, shall be determined by the by-laws, when
 12 not provided for in this Act. Provided further, however, that wherever in this
 13 Act the duties and powers of the secretary are specifically set forth, same may be
 14 exercised by any other officer as shall be specifically provided in the by-laws. Any
 15 meeting of shareholders requiring the sending of written notices to the sharehold-
 16 ers prior to such meeting, shall not be duly convened unless a copy of the notice
 17 calling such meeting shall have also been sent, postage prepaid, to the Auditor
 18 of Public Accounts at the same time notice is sent to the shareholders. Unless
 19 the compensation of the officers, directors and committee shall be provided for in
 20 the by-laws, the directors shall fix and determine the same. The directors shall
 21 have all such powers not enumerated herein as are necessary and proper to enable
 22 such association to carry out the purposes of its organization.

SEC. 8. [CORPORATE EXISTENCE NOT TO CEASE ON FAILURE TO ELECT,
 2 ETC.] No corporation or association, created under this Act, shall cease
 3 or expire from neglect on the part of the corporation to elect officers at
 4 the time mentioned in their charter and by-laws, and all officers elected
 5 by such corporation shall hold their offices until their successors are
 6 duly elected.

SEC. 9. OFFICERS' BONDS. Every person appointed or elected to any posi-
 2 tion requiring the receipt, payment, management or use of money belonging to
 3 such association, or whose duties permit him to have access to or custody of any
 4 of its money or securities or whose duties permit him to regularly make entries
 5 in the books or other records of such association shall before assuming his
 6 duties become bonded in some Fidelity Insurance Company, licensed to do busi-
 7 ness in the State of Illinois, in such amount as the board of directors shall fix
 8 and approve, and on such form or forms as the Auditor of Public Accounts
 9 shall require. Such bond shall within ten days after approval by the board of
 10 directors be filed with the Auditor of Public Accounts, and the fee for filing
 11 same shall be one dollar (\$1.00) for each officer or employee so bonded. Any
 12 officer or employee who shall perform any act or assume any duty, which, as
 13 herein provided, would require the giving of a bond, and who shall not be bonded
 14 at such time, as provided herein, shall be subject to a fine of not less than twenty-
 15 five dollars (\$25.00) nor more than two hundred dollars (\$200.00), and his office
 16 or position shall become vacant, and shall be filled in the manner herein or in the
 17 by-laws provided. And should it come to the knowledge of any director or

18 officer of an association that any person, purportedly for and in behalf of such
 19 association, is performing any act or has assumed any duties requiring bond,
 20 as hereinabove provided, without first becoming bonded as provided for in this
 21 section, it shall be and become the duty of such director or officer to mail post-
 22 age prepaid within five days from the receipt of such information a letter ad-
 23 dressed to the Auditor of Public Accounts informing the said Auditor of such
 24 violation. And in the event that any such director or officer having knowledge
 25 of such violation, neglects, fails or refuses to so notify the said Auditor, as
 26 herein provided, such director or officer shall likewise be subject to a fine of
 27 not less than twenty-five dollars (\$25.00) nor more than two hundred dollars
 28 (\$200.00). Such fine or fines may be recovered in any court having competent
 29 jurisdiction in the name of the People of the State of Illinois on relation of the
 30 said Auditor for the benefit of the county wherein said association is located.
 31 And it shall become the duty of the said Auditor to report any violation of this
 32 section to the State's Attorney of the county in which such association is lo-
 33 cated. Provided, however, the Auditor of Public Accounts may receive tempo-
 34 rarily bonds with two or more good and sufficient sureties as may be approved
 35 by the board of directors. Provided, further, nothing contained herein shall pre-
 36 clude the Auditor of Public Accounts from proceeding against an association,
 37 as provided in Section 38 of this Act, should he believe that it is being con-
 38 ducted in an unsafe manner, in that the sum of bond so fixed and approved by
 39 the board of directors for any officer or employee is inadequate to give reason-
 40 able protection to the association as against such losses as may be provided for
 41 in the form or forms of bond so approved.

SEC. 10. CAPITAL TO BE ACCUMULATED. The capital to be accumulated shall
 2 be divided into shares having an ultimate value of one hundred dollars (\$100.00)
 3 each. The shares shall be deemed to be personal property in the hands of the
 4 members, transferable upon the books of the association in the manner pro-
 5 vided in the by-laws. Each shareholder shall pay to the association as a contri-
 6 bution to the capital thereof, the sum fixed as dues or installment payments for
 7 each and every share held by him, until each share shall reach the ultimate value
 8 thereof, except as is otherwise herein provided. The shares may be issued as
 9 required or at certain periods designated in the by-laws, or in series, and sub-
 10 divided into classes, each class providing a different payment of dues, payable
 11 in such amount or amounts, and at such time or times as the by-laws shall pro-
 12 vide. Any association may issue shares with a minimum installment payment
 13 as may be required and provided for in the association's by-laws. Provided,
 14 however, any association may issue shares with a fluctuating dues or installment
 15 payment as required to members contracting to repay their real estate mort-
 16 gage by a direct monthly reduction of principal method, and the owner of such
 17 shares shall be considered to have waived all participation in the profits of the
 18 association and instead shall receive the benefits of membership through the ap-
 19 plication of all the dues or installments paid on such shares to the direct reduc-
 20 tion of the principal amount of such loan as provided in Section 15 of this Act,
 21 together with the consequent reduction of interest thereon, and such dues, so
 22 applied, shall not be a part of the share liability of the association to its mem-
 23 bers. Prepaid shares may be issued in such denominations as may be provided
 24 for in the by-laws, upon which a single payment of less than one hundred dollars
 25 (\$100.00) each shall be paid upon issue and which may participate in the full
 26 net earnings of the association, or the directors may by resolution at the time
 27 of issuance limit the rate of profit or dividend to be apportioned and credited
 28 thereto until they shall mature by attaining the ultimate value of one hundred
 29 dollars (\$100.00) per share. Paid-up shares may be issued, upon which a
 30 single payment of one hundred dollars (\$100.00) each shall be paid upon issu-
 31 ance, and upon which the directors shall at the time of issuance limit the rate of
 32 profit or dividend to be apportioned thereto, and such profit or dividend may
 33 be paid in cash to the owner after each apportionment of profits. Provided,

34 however, that in no event shall profits or dividends be apportioned to prepaid
 35 and paid-up shares for any period at a rate in excess of the rate of net earn-
 36 ings of the association for that period, or in excess of the rate declared and cred-
 37 ited for that period upon installment shares. In the event the rate of available
 38 net earnings for any fiscal dividend period is less than the rate of profit or
 39 dividend specified in a certificate representing such single payment shares, the
 40 difference shall not be cumulative nor payable from future earnings. In the
 41 event paid-up shares are listed for withdrawal, the payments of all profits or
 42 dividends apportioned thereto during the time that such shares are so listed shall
 43 be deferred until funds are available to retire the shares in the manner provided
 44 for in Section 13, or until the application to withdraw has been rescinded in
 45 writing by the owner. Certificates representing single payment shares upon
 46 which the directors have limited the rate of profit or dividend to be apportioned
 47 or credited thereto shall specifically state the limitations and conditions upon
 48 which such shares have been issued, the wording, form and type used in same to
 49 be approved by the Auditor of Public Accounts. New shares may be issued in
 50 lieu of any shares withdrawn, redeemed, cancelled or matured, provided the
 51 ultimate value of the total number of shares outstanding at any one time shall
 52 not exceed the authorized capital stock of the association. All shares heretofore
 53 issued by an association upon which installments have been paid in advance, to-
 54 gether with the profits or dividends allowed, or paid thereon, are hereby legal-
 55 ized and validated, except as to any conditions specified or implied in the certifi-
 56 cates evidencing such shares, which conditions were contrary to the provisions
 57 of the Building and Loan Act at the time of their issuance. Every share shall
 58 be subject to a lien for the payment of such charges as may be lawfully incurred
 59 thereon under the provisions of this Act, and the by-laws may prescribe the man-
 60 ner of enforcing such lien, provided, however, no member shall be responsible for
 61 any losses which the then existing assets of the association shall not be suffi-
 62 cient to satisfy, nor in any event shall members be liable for any remaining un-
 63 paid installments upon their share subscriptions.

64 All funds of the association shall be deposited in the name of the associa-
 65 tion in such bank or banks as may be designated depositories by the treasurer
 66 or secretary-treasurer and approved by the board of directors.

SEC. 11. POWER TO BORROW MONEY. The board of directors shall have power
 2 to borrow money for the payment of withdrawals and maturities and for
 3 uses and purposes not inconsistent with the objects of the association, but the
 4 aggregate amount of the outstanding indebtedness so incurred shall not exceed
 5 at any one time an amount equal to ten per centum of the total assets of the
 6 association; provided, however, that additional amounts, not exceeding in
 7 all, including the ten per centum heretofore provided for, thirty-five per
 8 centum of the total assets of the association may be borrowed on a long term
 9 amortized basis from the Federal Home Loan Bank. To secure such borrow-
 10 ing the board of directors may cause the obligation or obligations of the asso-
 11 ciation to be issued bearing interest at not to exceed the then legal contract
 12 rate, and may also create a preference or prior lien for the use and benefit of
 13 the holder or holders of such outstanding indebtedness upon the assets and re-
 14 ceipts of the association or any part thereof as security for the payment of such
 15 indebtedness with interest and other charges incidental thereto, and for such
 16 purpose may cause the assets and receipts of the association to be pledged, as-
 17 signed or transferred in trust or otherwise as the board of directors may deter-
 18 mine. Money may be borrowed for such periods not more than ten years, as
 19 the by-laws of the association may limit or prescribe. In the event the associa-
 20 tion shall desire to borrow money for a longer period than one year, or more than
 21 ten per centum of its total assets, such loan shall not be consummated until a
 22 copy of the resolution of the board of directors authorizing such loan, certified
 23 by the secretary of the association, together with the latest balance sheet of the
 24 association, has been filed with the Auditor of Public Accounts. A written state-

25 ment of the secretary to the effect that the copy of the resolution and the latest
 26 balance sheet hereinabove referred to were mailed postage prepaid, addressed
 27 to the Auditor of Public Accounts, and a registry return card indicating receipt
 28 by the addressee attached thereto, shall be prima facie evidence of the filing as
 29 hereinabove required. The association may purchase the bonds of or issue
 30 shares to the Home Owners' Loan Corporation created pursuant to the author-
 31 ity of the "Home Owners' Loan Act of 1933," enacted by the 73rd Congress and
 32 all amendments thereto, or may subscribe and pay for shares of the Federal
 33 Home Loan Bank of any district of which it may become a member. The associa-
 34 tion may borrow from or issue shares to the Reconstruction Finance Corpora-
 35 tion created pursuant to the authority of the "Reconstruction Finance Corpora-
 36 tion Act," enacted by the 72nd Congress and all amendments thereto.

37 The term "total assets of the association" as used herein is defined to be
 38 the total face value of the notes and mortgages owned and held by the asso-
 39 ciation without deduction for the withdrawal value of any shares of the
 40 association held as collateral thereto, plus the total value of all other assets of the
 41 association taken at cost or reasonable appraisal value whichever is lower.

SEC. 12. MATURED SHARES. Whenever any shares, other than paid-
 2 up shares, hereafter reach the ultimate value of one hundred dollars (\$100.00)
 3 each, either by the payment of dues or the addition of regular profits or divi-
 4 dends, they shall be deemed to be matured, and all payments of dues thereon
 5 shall cease, and the owner thereof, or his assignee, shall be paid the matured
 6 value thereof out of the funds available for paying matured shares as provided
 7 for in this Act. In the event the association has insufficient funds declared
 8 available to pay such matured shares at the date of their maturity, such shares
 9 shall be listed as of the date of maturity on the matured and withdrawal list
 10 and paid in the manner provided for in Section 13. Shares maturing in the
 11 same series shall be listed as of the date of maturity in the order in which they
 12 were issued in that particular series. From the date of maturity until retire-
 13 ment by payment there shall be apportioned to such matured shares at each ap-
 14 portionment date a rate of profit or dividend to be determined by the directors
 15 by resolution. Such profits or dividends so apportioned shall be accumulated
 16 to the credit of the shares and paid to the owner thereof at the time the shares
 17 are retired by payment. Provided that such rate of profit or dividend to be so
 18 apportioned shall not be in excess of the rate of net earnings of the association,
 19 and shall not be less than the highest rate being currently apportioned to any
 20 paid-up shares. At no time shall the aggregate amount of unpaid maturities
 21 exceed twenty per centum of the assets of the association.

SEC. 13. WITHDRAWALS, VOLUNTARY — DIVIDENDS — CHRONO-
 2 LOGICAL ORDER — PROHIBITION OF CHECKING ACCOUNTS. The
 3 directors may from time to time by resolution duly recorded in the minute book
 4 of the association determine what portion, if any, of the profits or dividends
 5 apportioned to shares being withdrawn shall be paid the withdrawing members;
 6 and upon withdrawal a member shall be entitled to receive the full amount of
 7 dues paid in, and such profits or dividends, if any, as may be determined by the
 8 resolution in effect at the time of payment, less such charges of the character
 9 enumerated in this Act as may be due thereon. In no event, however, shall the
 10 owner of shares withdrawn within one year of date of issue, be paid more than
 11 one-half of the profits or dividends apportioned thereto; nor shall the owner of
 12 shares withdrawn within two years of date of issue, be paid more than three-
 13 fourths of the profits or dividends apportioned thereto. Owners of paid-up or
 14 matured shares, however, shall be entitled to all unpaid profits or dividends
 15 apportioned thereto, but the amount of profits or dividends paid on with-
 16 drawals shall not exceed the actual earnings of the shares sought to be with-
 17 drawn, and at no time shall more than one-half of the funds in the treasury of
 18 the association be applicable to the demand of withdrawing members and the

19 payment of matured shares, without the consent of the board of directors. Any
 20 member having pledged his or her shares as security for an advance, without
 21 other security, may withdraw the same and receive the evidence of indebted-
 22 ness given for such advance and such balance in cash, if any, as may be to the
 23 credit of such shares, but such withdrawal shall be subject to the same regula-
 24 tions in all other respects as in the case of shares not pledged. If at any time
 25 there are not sufficient funds in the treasury of the association, applicable to the
 26 payment of withdrawals, to meet the demands of shareholders desiring to with-
 27 draw, any member desiring to withdraw all or any number of his shares, other
 28 than matured shares, shall be required to make a written application, which
 29 shall be received and filed chronologically and in numerical order, and payments
 30 upon the same shall be made in the order in which they are filed. No such asso-
 31 ciation shall be permitted to carry for any member any demand, commercial or
 32 checking account. Nothing in this section shall prevent members from with-
 33 drawing funds by non-negotiable orders.

34 ALLOCATING PAYMENTS — MATURITIES — WITHDRAWALS. If
 35 at any time there are not sufficient funds in the treasury of the association,
 36 applicable to the payment of matured shares and shares sought to be with-
 37 drawn, to pay maturing shares upon their maturity, and also to meet the de-
 38 mands of shareholders under application for voluntary withdrawals, then the
 39 board of directors may by resolution duly adopted by a majority of the mem-
 40 bers of the board, and recorded in the minute book of the association, provide
 41 and determine what proportion, if any, of the funds of the association appli-
 42 cable to the payment of matured shares and shares listed for voluntary with-
 43 drawal shall be paid on matured and maturing shares and what proportion, if
 44 any, shall be paid on shares listed for voluntary withdrawal: Provided, fur-
 45 ther, however, that all payments of voluntary withdrawals, under the above
 46 provision, shall be made in the chronological order of the filing of application
 47 for withdrawal, and all payments made to shareholders of maturing shares shall
 48 be made to the shareholders in the listed order in which the shares matured.

49 LIMITATIONS ON WITHDRAWAL PAYMENTS — AMOUNTS — OR-
 50 DER OF FILING. When the by-laws of any association shall so provide,
 51 should the directors of any association having a list of withdrawals, or with-
 52 draws and maturities, adopt a resolution as hereinbefore provided determining
 53 the proportion of the funds in the treasury to be paid to voluntary withdrawals
 54 and the proportion to be paid to matured and maturing shares, they may fur-
 55 ther provide and rule by resolution duly recorded in the minute book of the
 56 association that, until July 1, 1939, no withdrawal by any one member shall
 57 exceed one thousand dollars (\$1,000.00) or such smaller amount as may be de-
 58 termined by said resolution of the board of directors ahead of other pending
 59 applications for withdrawals; and the board of directors of any such associa-
 60 tion having such a list of withdrawals, or withdrawals and maturities, may
 61 further provide and rule by resolution duly recorded in the minute book of the
 62 association that, until July 1, 1939, withdrawals not exceeding one hundred dol-
 63 lars (\$100.00) within each calendar month may be paid to members upon appli-
 64 cation by such members, regardless of the order of application; Provided, how-
 65 ever, that before either of said resolutions as provided above shall become effec-
 66 tive, a certified copy of such resolution or resolutions and a statement of the
 67 assets and liabilities of the association at the close of business of the last day
 68 of the preceding month in such form as shall be prescribed by the Auditor of
 69 Public Accounts and such other information as he may require, shall be sub-
 70 mitted to the Auditor of Public Accounts. If the Auditor shall determine from
 71 such resolution or resolutions, statement, and other information that the reso-
 72 lution or resolutions conform to the provisions of this Act, and to the by-laws
 73 of such association, and that such association is not conducting its business in
 74 a fraudulent, illegal or unsafe manner, such resolution or resolutions shall be
 75 approved by the Auditor, and he shall issue a certificate to that effect. Pro-

76 vided, however, if the by-laws of any association specifically authorize the mak-
 77 ing of payments in accordance with the above provisions until July 1, 1935, or
 78 until July 1, 1937, such association may with the approval of the Auditor of Public
 79 Accounts, as hereinabove required, make payments in accordance with the above
 80 provisions until July 1, 1939, unless such approval shall subsequently be revoked by
 81 the Auditor of Public Accounts, or unless the shareholders of such association shall
 82 amend the by-laws so as to specifically rescind such authority. Subject to the fore-
 83 going, any association which now has the approval of the Auditor of Public Ac-
 84 counts to make payments in accordance with the provisions hereinabove provided,
 85 may without further resolution continue to make payments in accordance
 86 with the above provisions until July 1, 1939, unless such authority is hereafter
 87 revoked or rescinded. The Secretary of each association adopting such resolu-
 88 tion or resolutions shall make such reports to the Auditor of Public Accounts
 89 of any matters pertaining to the operation thereof as may be required by the
 90 Auditor from time to time, and if the Auditor shall determine at any time that
 91 any association so operating is conducting its business in a fraudulent, illegal
 92 or unsafe manner, the Auditor may revoke or withdraw such approval. In the
 93 event the approval of the Auditor is withheld, revoked or withdrawn from any
 94 association at any time, as provided herein, the notices of withdrawal on file at
 95 the time of the adoption of such resolution or resolutions shall thereupon be
 96 and become effective in the order of their priority of filing.

97 PRO RATA BASIS. — In the event of unusual demands against the treasury
 98 of an association caused by the maturing of shares or the filing for withdrawal
 99 of shares, the directors of such association may, by resolution adopted by a
 100 majority of the members of the board, if approved in writing by the Auditor of
 101 Public Accounts and recorded in the minute book of the association, declare the
 102 association to be on a pro rata basis.

103 In the case of an association so declared to be on a pro rata basis, when the
 104 funds in the treasury applicable to the payment of withdrawals and matured
 105 shares equal one-tenth ($1/10$) of the amount of the shares on the withdrawal
 106 and matured list, the directors shall declare a cash payment of not less than
 107 ten per centum of such amount, payable pro rata to the holders of such shares.
 108 Payments of ten per centum (10%) of the original amount of such shares and
 109 credit on shares and of all shares and credit on shares subsequently maturing
 110 or filed for withdrawal, shall be paid from time to time in accordance with rules
 111 and regulations promulgated by the Auditor of Public Accounts.

112 Should an association which is on a pro rata basis subsequently, in the man-
 113 ner hereinafter provided, declare itself off such basis or while on such basis
 114 should the shareholders vote in favor of reorganization or liquidation, as provid-
 115 ed for in Section 31 of this Act, or vote to merge or consolidate with another as-
 116 sociation, as provided for in Section 25 of this Act, or should the Auditor of
 117 Public Accounts appoint a Receiver for such association, as provided for in Sec-
 118 tion 38 of this Act, shareholders who shall have made payments on shares while
 119 the association is on such pro rata basis shall be entitled to the priorities and
 120 preferences hereinafter set forth as to all such monies paid in by them on shares
 121 during the time the association is or was on such basis. Shareholders making
 122 such payments during such time on unpledged shares may, at any time, while
 123 such association is on such a basis and before any vote of the shareholders to
 124 reorganize, merge or consolidate with another association, make written applica-
 125 tion to withdraw such monies, and in which event their requests shall be filed
 126 chronologically in numerical order, and shall be paid in the order of their appli-
 127 cation ahead of other pending applications for withdrawal of monies paid upon
 128 shares prior to the time the association was declared on such pro rata basis.
 129 Should the shareholders of an association which is on a pro rata basis vote in fa-
 130 vor of reorganization or to merge or consolidate with another association any
 131 shareholder who shall not have made application to so withdraw such funds so
 132 paid on unpledged shares, as hereinabove provided, shall nevertheless be allowed

133 full credit for all payments on unpledged shares made by him while such associa-
 134 tion was on such pro rata basis, and such shares shall not be subject to any as-
 135 sessment or lowering in value upon such reorganization, merger or consolidation.
 136 In the event the shareholders of an association on a pro rata basis vote to liqui-
 137 date the association, or in the event a Receiver shall be appointed to liquidate an
 138 association which is on a pro rata basis, all monies paid upon unpledged shares
 139 while the association was on a pro rata basis shall be repaid in full before any
 140 payments shall be made to other shareholders, and all payments made on
 141 pledged shares during such time as the association was on such pro rata basis
 142 shall be credited to the full amount of such payments on the note or other obli-
 143 gation evidencing the indebtedness. Should the directors of an association which
 144 is on a pro rata basis believe that it is for the best interests of the association to
 145 discontinue operating on a pro rata basis, they may after first procuring written
 146 permission of the Auditor of Public Accounts pass a resolution declaring the
 147 association off of such basis. The directors shall, however, at least twenty days
 148 prior to the passage of any such resolution notify all shareholders who shall
 149 have made payments on unpledged shares while the association was on such
 150 pro rata basis, of their priorities and preferences as set forth in this Section,
 151 and shall not thereafter until the resolution herein referred to shall have been
 152 adopted, accept payments on unpledged shares without personally notifying the
 153 payor of such priorities and preferences. Should an association declare itself
 154 off of such pro rata basis, in the manner hereinabove provided, payments on
 155 withdrawals and maturities thereafter shall be made as otherwise provided for
 156 in this Act.

SEC. 14. WITHDRAWALS, INVOLUNTARY. The directors may, in
 2 their discretion, under the rules made by them in conformity with the
 3 by-laws, retire the unpledged shares in accordance with a plan to be determined
 4 by the directors in resolution, by enforcing withdrawals of the same, and the own-
 5 ers shall be paid the full value of their shares, as determined at the last preceding
 6 distribution of profits, together with all dues paid since such distribution,
 7 less any unpaid fines; Provided, That all shares which are listed for withdrawal or
 8 have reached matured value and all single payment shares, that may be outstand-
 9 ing, shall be first retired under the provisions of this Act.

SEC. 15. ADVANCE ON SHARES — BALANCE — SETTLEMENTS. Any
 2 member who shall have obtained a loan or advance on his shares, who shall have
 3 given real estate as security, may at any time upon giving thirty (30) days' pre-
 4 vious notice in writing, repay the same. On settlement such member shall be
 5 charged with the full amount of such loan or advance, together with any and all
 6 arrearages due thereon, or on the shares pledged or appertaining to the security
 7 given and shall thereupon be allowed as a credit the withdrawal value of the
 8 shares pledged as security, together with such other credits as may be return-
 9 able on account thereof and the balance shall be received by the association in
 10 full settlement and discharge of such loan or advance; Provided, That all settle-
 11 ments made in periods intervening between stated monthly meetings of the direc-
 12 tors shall be made as of the date of the stated monthly meeting next succeeding
 13 such settlement. Provided, also, that any such member may, upon giving thirty
 14 (30) days' previous notice in writing, in lieu of repaying his loan in full, elect to
 15 repay the same in part in even hundreds of dollars in cash. Or he may elect to
 16 have applied as a credit on the amount of such loan or advance, the then with-
 17 drawal value of the shares upon which such loan or advance may then be predi-
 18 cated in an amount of one hundred dollars (\$100.00) or any multiple thereof;
 19 and thereupon the said shares shall be and become cancelled in the proportion
 20 of one share for each one hundred dollars (\$100.00) so applied as a credit, and
 21 the remaining uncanceled shares and the remaining credit shall be transferred
 22 to and held as advanced or pledged shares of the then current series or date,
 23 and the obligation evidencing such loan or advance, and the mortgage or other

24 security given to secure the same, shall not in any wise be prejudiced by any
 25 such transfer, whether such transfer shall have been provided for in the obliga-
 26 tion evidencing such loan or advance and the mortgage securing the same or
 27 not; and after the application of every such credit the amount of such loan or
 28 advance shall forthwith be and become reduced in accordance with the amount
 29 so applied as a credit, and such advanced shareholder shall not thereafter be
 30 held liable for any greater amount than shall be remaining due after the appli-
 31 cation of such credits, except for arrearages and penalties occasioned by the
 32 shareholder's own default. In the event, however, any payment for which the
 33 member is obligated is in default, or such member is in default in the perform-
 34 ing of any covenant contained in the mortgage obligation, note, bond, or any
 35 agreement pertaining thereto, he shall not be entitled to repay his loan or ad-
 36 vance in part by the application of the withdrawal value of the shares, except
 37 with the consent of the board of directors, and should the condition of the loan
 38 be such that the mortgage securing the repaying of same be subject to fore-
 39 closure, as provided for in Section 21 of this Act, such consent shall not be
 40 given by the board of directors unless and until the property shall have been
 41 reappraised, and the value as placed thereon be in such amount as would in-
 42 dicate that the property is ample security to assure the repayment of the re-
 43 maining balance on the loan so sought to be extended. A required copy of the
 44 appraisal shall be kept with the loan papers, so long as the loan is in force, and
 45 the borrower may be charged a reasonable fee for such appraisal.

46 Provided further, however, any such member may upon giving thirty (30)
 47 days' previous notice in writing repay his loan in part in even hundreds of dol-
 48 lars by requesting cancellation of a share or shares upon which such loan may
 49 then be predicated, and paying such sum or sums which, together with the then
 50 withdrawal value of such share or shares, shall equal one hundred dollars
 51 (\$100.00) for each share to be so cancelled; and upon such payment and can-
 52 cellation he shall be credited with one hundred dollars (\$100.00) on the principal
 53 of his loan or advance for each share so cancelled.

54 DIRECT REDUCTION OF PRINCIPAL. Unless specifically prohibited
 55 by the by-laws of the association the board of directors may by resolution per-
 56 mit borrowing members to repay their mortgage indebtedness by a direct
 57 monthly reduction of principal method, and in which case the borrowers shall
 58 in writing make such agreement with the association relative to the repayment
 59 of their respective loans as may be required by the directors. The agreement
 60 shall stipulate that the borrower shall make periodical payments not less fre-
 61 quently than once each month, until such mortgage indebtedness, advances, if
 62 any, made by the association for payment of taxes, assessments, insurance
 63 premiums, etc., together with such other charges of the character enumerated
 64 in this Act as shall have accrued or shall accrue, with interest or interest and
 65 premium thereon, same to be computed monthly, has been fully paid. The bal-
 66 ance of each loan account under such direct reduction of principal method shall
 67 be determined monthly in order to ascertain the amount then necessary to sat-
 68 isfy in full the mortgage obligation. Any association permitting such a method
 69 of repayment, may adopt a plan by which the interest, or interest and pre-
 70 mium, shall be computed monthly on the preceding monthly balance, and such in-
 71 terest, or interest and premium, shall be added to that preceding balance, to-
 72 gether with any and all advances, etc., and such other charges of the character
 73 enumerated in this Act as shall have been chargeable against the borrower's
 74 account since the preceding balance, and then deducting any payment or pay-
 75 ments made by the borrower on the loan account during such current month.
 76 All payments made on a loan under such plan of direct monthly reduction
 77 of principal shall apply first to the interest, or interest and premium, as
 78 may have theretofore accrued. Or the board of directors may adopt any other
 79 direct monthly reduction of principal plan containing provisions for the complete
 80 repayment of such loans. Shares pledged on any loan which is being repaid on any

81 reduction of principal plan shall be automatically reduced in even shares as the
 82 loan is repaid, so that the balance of the shares in force shall be equal to one
 83 share for each one hundred dollars (\$100.00) and fractional part of one hundred
 84 dollars of the loan balance remaining unpaid, and the obligation evidencing such
 85 loan or advance, and the mortgage or other security given to secure the same,
 86 shall not in any wise be prejudiced by the making of the written agreement
 87 hereinabove referred to, whether the terms of such written agreement or such
 88 cancellation of shares shall have been provided for in the obligation evidencing
 89 such loan or advance and the mortgage securing the same or not.

SEC. 16. DECEASED MEMBERS. Upon the death of a shareholder, his legal
 2 representative shall be entitled to receive the voluntary withdrawal value of the
 3 unpledged shares of the deceased in the manner provided in this Act.

SEC. 17. [MEMBERSHIP FEES—DUES—PENALTIES.] A membership fee
 2 and a transfer fee, neither of which shall exceed 25 cents per share,
 3 may be charged, and all fees shall be accounted for as a part of the re-
 4 cepts of the association. Any association may impose a penalty for the
 5 non-payment of dues, interest or premium at the time they shall fall due,
 6 which penalties shall in no case exceed the sum of 10 cents per share
 7 per month, and it shall not be permissible to either compound or cumu-
 8 late such penalties.

SEC. 18. [WHO MAY BECOME SUBSCRIBERS.] Married women may be-
 2 come subscribers to the capital stock of such association and hold, con-
 3 trol and transfer their stock in all respects as femmes sole, and their
 4 stock shall not be subject to the control of or liable for the debts of their
 5 husbands. Minors may become subscribers to and owners of the stock
 6 of such associations, which may be withdrawn in like manner as other
 7 stock, and the receipt of such minors shall be valid acquittance.

8 [JOINT OWNERSHIP.] Shares may be issued in the names of two
 9 persons and the survivor; and in the event of the death of either, the
 10 association shall be liable thereon only to the survivor, and while both
 11 are living payment to either shall discharge the liability to both. The
 12 joint ownership of shares shall not confer the right to vote to a greater
 13 extent than if said shares were held by an individual.

SEC. 19. LOANS. The board of directors shall hold such stated meetings
 2 not less frequently than once a month, as may be provided by the by-laws, at
 3 which meeting the money in the treasury shall be offered for loan in open meet-
 4 ing, and the members who shall bid the highest premium for the preference or
 5 priority of loan, shall be entitled to receive a loan of one hundred dollars for
 6 each share held by said member; the said premium bid may be deducted from the
 7 loan in one amount, or may be paid in such proportionate amounts or install-
 8 ments, and at such times during the existence of the shares borrowed upon, as
 9 may be designated by the by-laws. An association may dispense with the offer-
 10 ing of its money for bids in open meeting, and in lieu thereof, loan its money
 11 at a rate of interest, or interest and premium, to be fixed by the directors, de-
 12 ciding the preference or priority of the right to a loan by the priority of the ap-
 13 proved application therefor of its shareholders; And, Provided, That no loan
 14 shall be made by said association except to its own members, nor in any sum in
 15 excess of the amount of shares held by such members borrowing, but such share-
 16 holders may borrow such fractional part of one hundred dollars. Good and
 17 ample real estate security, unencumbered, except by prior loans of such associa-
 18 tion, shall be given by the borrower to secure the payment of the loan: Pro-
 19 vided, That the board of directors shall require an examination of title and
 20 written opinion thereof; and may, in its discretion, require that such real estate
 21 security shall be accompanied by an abstract of the title to the property in

question, a certificate of title thereof, a guaranteed title thereof, or a certificate under the Torrens system. Provided, further, no mortgage given to secure a loan from any mutual building, loan or homestead association shall be taken in the name of a trustee. Borrowing members shall be obligated to pay taxes, special assessments and premiums on fire, tornado and such other forms of insurance as may be required of them, and in case of failure to pay the same when due, the association may pay same, together with any interest or penalty as may have accrued thereon, and in which event the mortgaged property shall be security for the amount so advanced, with interest or interest and premium thereon at such rate as may be provided for in the association's by-laws. And should an association's by-laws fail to provide any rate of interest or interest and premium to be charged on such advances, but shall not specifically prohibit the charging of same, the directors may by resolution determine the rate or rates to be charged on advances on all loans made after the adoption of such resolution, provided, that such rate or rates be set forth in the note evidencing the indebtedness, or the mortgage securing same, or in a contract subsequently executed by the borrower. Provided, however, that irrespective of any of the provisions of the by-laws of an association, a borrower who contracts to repay his loan on a direct monthly reduction of principal method, as provided for in Section 15 of this Act, may be charged the same rate of interest or interest and premium as is charged on the borrower's loan account, as provided for in that section. Upon failure of the borrower to repay upon demand any such advances and interest, or interest and premium thereon, the association may, except as provided in said Section 15 as pertains to loans being repaid under the direct monthly reduction of principal plan specifically outlined therein, apply all or any part of any payment made thereafter by the borrower toward the repayment of such advances instead of applying such payment to dues or interest, or interest and premium.

EXTENSION AGREEMENTS. Whenever the total amount of indebtedness due an association on a loan being repaid by a direct monthly reduction of principal method does not exceed forty per centum of the value of the security, and the loan has, by periodical payments over a period of not less than three years, been reduced to the extent that such indebtedness does not exceed fifty per centum of the amount originally secured by the mortgage, the board of directors may, by a two-thirds vote agree in writing with the borrower that for a space of time not to exceed three years, no payments need be made on the shares pledged as security for the loan, and in which event the obligation evidencing such loan or advance and the mortgage or other security given to secure the same shall not in any wise be prejudiced by the making of such agreement, whether same shall have been provided for in the obligation evidencing such loan or advance and the mortgage securing the same or not. Provided, however, interest, or interest and premium, taxes, special assessments, hazard insurance and other charges for which the borrowing member may be obligated, shall be paid when due either to or for the benefit of the association, and provided further no association shall grant any such extension while it has unpaid maturities or unpaid withdrawals, unless sufficient funds shall have been made available to pay same. Immediately prior to the making of any such agreement an appraisal shall be made for the purpose of ascertaining the value of the security, which shall be reduced to writing, signed by the appraisers and kept with the loan papers, so long as the loan is in force, and for which appraisal the borrower may be charged a reasonable fee.

SHARE LOANS. Loans may be made upon shares of the Association without real estate as security in an amount not to exceed the withdrawal value of such shares, unless the Association shall at such time have a list of withdrawals, or withdrawals and maturities, in which event loans upon such shares shall not exceed such percentage of the withdrawal value of such shares as the directors may by resolution fix.

INVESTMENT OF SURPLUS FUNDS. The board of directors may by a two-thirds

79 vote of all of its members invest the funds of the association in the treasury in
 80 excess of the demands of the shareholder in bonds or debentures issued by the Gov-
 81 ernment of the United States or the State of Illinois, or bonds or debentures of
 82 any corporation or instrumentality of the United States or the State of Illinois
 83 which are guaranteed both as to principal and interest by either the Government
 84 of the United States or the State of Illinois, or in the obligations of Federal
 85 Home Loan Banks, or in the individual or consolidated bonds of the Federal Land
 86 Banks, or in the bonds of the Federal Farm Mortgage Corporation, but such in-
 87 vestments shall not exceed twenty per centum of the assets of the association.

88 MORTGAGES INSURED BY THE FEDERAL HOUSING ADMINISTRATOR. Notwith-
 89 standing any provision in this Act or in the by-laws of any mutual building, loan
 90 and homestead association, any such association, incorporated by and under this
 91 Act, is authorized and empowered to make to its members, mortgage loans which
 92 are insured by the Federal Housing Administrator and to enforce collection of any
 93 such mortgage. Membership may be evidenced by a special class of shares upon
 94 which a fluctuating dues or installment payment shall be made.

95 SALE AND ASSIGNMENT. Any association operating under this Act, with the
 96 approval of the Auditor of Public Accounts may, unless specifically prohibited by
 97 the association's by-laws, sell and assign without recourse, to any person or corpo-
 98 ration, mortgage loans insured by the Federal Housing Administrator which are
 99 being repaid by a direct monthly reduction of principal method. Provided, no loan
 100 shall be sold for less than the full amount of indebtedness due thereon at the time
 101 of sale. Any association may contract to service such loans so sold in consideration
 102 of a service charge of not less than an amount equal to one-half ($\frac{1}{2}$) of one (1)
 103 per centum per annum of outstanding monthly balances.

104 Notwithstanding any provision in this Act, the board of directors of any asso-
 105 ciation operating under this Act, with the approval of the Auditor of Public Ac-
 106 counts may, unless specifically prohibited by the association's by-laws, sell and
 107 assign without recourse, except as herein otherwise provided, to any other asso-
 108 ciation operating under this Act, any of its mortgage loans being repaid by a
 109 direct monthly reduction of principal method, which are not more than three
 110 months delinquent and not subject to foreclosure for any other default in coven-
 111 ants contained in the mortgages or in the notes or obligations secured thereby.
 112 Provided, no association shall within any three year period, sell loans which aggre-
 113 gate in indebtedness due the association a sum in excess of twenty-five per centum
 114 of its total assets unless written consent of every creditor having a claim or
 115 account against the association in an amount in excess of one per centum of the
 116 association's total assets, shall have first been procured; nor shall any associa-
 117 tion, within any three year period sell loans which aggregate in indebtedness due
 118 the association a sum in excess of thirty-five per centum of its total assets, except
 119 by an affirmative vote of the shareholders, in person or by proxy, owning or hold-
 120 ing two-thirds of the outstanding shares. No association shall purchase such loans
 121 except with funds available for making loans, and in no event shall such loans be
 122 purchased in an amount which would increase the indebtedness then due the asso-
 123 ciation on all such loans so purchased to a sum in excess of twenty per centum of
 124 its total assets. The assignor and assignee associations, acting through their
 125 respective boards of directors, may, by written contract, agree that the assignor
 126 shall continue to service such loans in consideration of a percentage of the inter-
 127 est, or interest and premium, collected thereon while being so serviced. Where the
 128 assignor contracts to service such loans, the contract may in addition obligate the
 129 assignor to repurchase within thirty days after any demand in writing made
 130 by the assignee, any of such loans so being serviced as shall become subject to
 131 foreclosure for any reason whatsoever within a period of time specified in the con-
 132 tract; provided, such time to be so specified shall not be less than three years nor
 133 more than five years from the date of sale. In no event shall the assignor be obli-
 134 gated to repurchase any loan or loans unless written demand by the assignee be

served upon the assignor at a time when the loan or loans described in the demand is subject to foreclosure and unless such demand be made within the time specified in the contract. Provided further, no association shall obligate itself to repurchase any loan or loans, or borrow any money as provided in Section 11 of this Act, where the aggregate liability on all such obligations to repurchase and on all borrowings would thereby be increased to a sum in excess of thirty-five per centum of its assets. All sales and repurchases of mortgage loans, between associations operating under this Act, shall be at the full amount of the indebtedness due the assignor or the assignee, at the time of the sale or the repurchase.

Upon the sale and assignment of any loan, the shares upon which such loan is predicated shall automatically be and become cancelled, and where the loan is sold and assigned to another association operating under this Act, the assignee shall issue to the borrower shares of the same type and in the same number as those so cancelled.

INSURANCE SETTLEMENTS — SUBROGATION. Whenever an insurance company shall, under the terms of its policy, pay to an association organized under this law, any sum for loss or damage by fire or windstorm to property mortgaged to such association, and shall claim that as to the owner of the premises insured no liability existed, said insurance company shall, to the extent of such payment, be legally subrogated to all the rights of the association receiving the same, or if such insurance company shall pay to such association the net amount due upon the indebtedness secured by such mortgage after deducting all proper credits, said association may thereupon assign and transfer to such insurance company its mortgage and the obligation or note secured thereby, and thereupon such insurance company shall be subrogated to the rights of said association.

SEC. 19½. ACKNOWLEDGMENTS. No acknowledgment of a deed, mortgage or other instrument shall be invalid because such acknowledgment is taken before an officer who is also a shareholder or officer in an association which is a party to such deed, mortgage or other instrument. The foregoing shall apply to associations operating under this Act and to any association legally operating in this State which has been organized under any Act for purposes similar to those enumerated in Section 1 of this Act.

SEC. 20. [LIFE INSURANCE.] The board of directors may require as additional security for any loan, insurance on the life of the borrower or other person in an amount and in some company to be designated by them, or the borrower may do so voluntarily with the consent of the association. The policy of insurance shall be assigned to the association as collateral security for the loan, and in case of death shall be applied to its payment. The cost of such insurance may be paid by the association from time to time when due, and deducted from the amount standing to the credit of the borrower on his stock, or from his subsequent payments, the same as other assessments. Other arrangements may be made for the payment of such insurance by the consent of all parties.

SEC. 21. FAILURE TO GIVE SECURITY FOR LOANS—DEFAULT. In case the borrower shall neglect to offer security, or shall offer security that is not approved by the board of directors, by such time as the by-laws may prescribe, he or she may be charged with one month's interest, together with any expenses incurred, and the money may be resold at the next stated meeting. If, at any time, the total delinquency including dues or contracted payments, interest and fines shall amount to a sum equal to six (6) contractual monthly or twenty-six (26) contractual weekly payments, the association may proceed, upon the order of the board of directors, against the security according to law, for an amount equal to the unpaid principal balance, delinquent interest, or interest and premium, without deducting the premium paid or the interest thereon, and any other legal charges, less all payments made on the loan not otherwise provided for, and any other credits that the borrower may have and which may not have been provided

14 for. Provided, however, nothing contained herein shall preclude an association
 15 from proceeding at any time against any security so given as may be provided
 16 in any mortgage obligation for failure to fulfill other covenants or to make other
 17 payments as may be provided therein.

SEC. 22. PAYMENT OF LOANS — WHEN PREMIUM REFUNDED. In the
 2 event of the repayment of a loan before the expiration of the eighth
 3 year after the date of issue of the shares in such association upon which the loan
 4 was originally predicated, when a premium of more than two (2) per centum has
 5 been paid or deducted in advance, there shall be refunded to the borrower one-
 6 eighth of the premium in excess of the aforesaid two (2) per centum paid or de-
 7 ducted for every year of the said eight years then unexpired.

SEC. 23. [PREMIUMS, FINES, ETC., NOT USURIOUS — STOCK AND NOTES
 2 NOT TO BE TAXED.] Corporations organized under this Act being of the
 3 nature of co-operative associations therefore no interest, premiums, fines,
 4 nor interest on such premiums that may accrue to said corporation,
 5 according to the provisions of this Act, shall be deemed usurious and
 6 the same may be collected as other debts of like amount may be col-
 7 lected by laws in this State, and all money paid to such corporation being
 8 at once loaned out and placed into taxable property, and the shares of
 9 stock and notes provided for in this Act being simply evidence as to
 10 where such money has been placed, therefore such stock and notes shall
 11 not be subject to taxation.

SEC. 24. MAY PURCHASE, ETC., REAL ESTATE — WHEN. Any mutual
 2 building, loan or homestead association, incorporated by and under this
 3 Act, is hereby authorized and empowered to purchase at any sheriff's or
 4 other judicial sale, or at any other sale, public or private, any real
 5 estate upon which such association may have or hold any mortgage, lien
 6 or other encumbrance, or in which said association may have an interest,
 7 and the real estate so purchased, to sell, convey, lease, mortgage or ex-
 8 change for other real estate and to dispose of such real estate so acquired
 9 at pleasure to any person or persons whomsoever.

10 Shares of the association at their withdrawal value may be accepted
 11 by the directors in full payment or part payment of any real estate or
 12 other assets owned by the association; provided, that the sale price of
 13 such real estate or other assets shall not be less than the book value
 14 thereof. In all cases where the directors offer to accept shares of the
 15 association in payment or part payment of real estate or other assets,
 16 they shall give at least ten days notice of the proposed sale of such real
 17 estate or other assets by publication in a local newspaper and written
 18 notice to all shareholders whose shares are listed on the list of with-
 19 draws and maturities. The shares of the highest bidder for such real
 20 estate or other assets may then be accepted by the association in payment
 21 or part payment of such real estate or other assets without regard to their
 22 priority or listing on the list of withdrawals and maturities.

23 Any such association shall have power to acquire and hold real estate
 24 whereon there is or may be erected a building or buildings suitable for
 25 the convenient transaction of its business, from portions of which, not
 26 required for its own use, a revenue may be derived; provided, that the
 27 amount so invested shall not exceed five (5) per centum of its assets.

SEC. 24a. Any mutual building, loan or homestead association, in-
 2 corporated by and under this Act, is authorized and empowered to ex-
 3 change mortgages or other obligations and liens secured by real estate,
 4 or any real estate, which it may have or hold for the bonds of the Home
 5 Owners' Loan Corporation created pursuant to the authority of the
 6 "Home Owners' Loan Act of 1933," enacted by the 73rd Congress.

SEC. 25. MERGER — CONSOLIDATION. Any two or more associations operating under this Act may merge into one of such associations, or may consolidate into a new association by an affirmative vote of the holders of two-thirds of the shares in force in each of the different associations at any annual or special meeting of the shareholders of each association called for that purpose, at which at least twenty (20) days prior notice shall have been given to each member, the merger or consolidation to be upon such terms as shall be mutually agreed upon by the directors of such association, or by a committee of not less than three, nor more than five, elected by the shareholders at a prior meeting, to act in the place and stead of the board of directors for the purpose of mutually agreeing as to any plan, and a copy or a summary of the plan of merger or consolidation shall be included in or enclosed with such notice. Except as herein otherwise provided, the procedure, the effect of the merger or consolidation, the rights of dissenting shareholders and the method of enforcing same, shall be as provided for and outlined in Sections 61 to 70, both inclusive, of the Business Corporation Act filed July 13, 1933. Provided that any plan as shall be agreed upon by the board of directors of any association or committee so elected, shall be submitted to the Auditor of Public Accounts at least five (5) days before the mailing of notices calling the shareholders' meeting to consider and vote upon the question of merger or consolidation. The plan of merger or consolidation may provide for an adjustment of shareholders' accounts as may be agreed upon, and such adjustment may be accomplished by any one or more of the associations, as provided for in Sections 31, 32 and 33 of this Act, at the same meeting at which such plan is acted upon. Provided, the delivery of duplicate originals of the articles of merger or articles of consolidation, the endorsing and filing of same, and the issuance of the certificate, as provided for in Section 66 of the Act hereinabove referred to, shall be to, with and by the Auditor of Public Accounts.

Any dissenting shareholder may, as provided for in Section 70 of the said hereinabove referred to Act, make written objection to the proposed merger or consolidation, demand to be paid the fair value of his shares, or if such shares shall have been pledged as security for the repayment of a loan to have the fair value of such shares so pledged to be applied as a credit on his loan, and in which event collection or application of credit may be enforced as outlined in the procedure set forth in said referred to Section 70. Provided, nothing contained herein shall preclude the Auditor of Public Accounts from taking charge of an association or appointing a Receiver, as provided for in Section 38 of this Act, when, in his opinion, any plan of merger or consolidation so mutually agreed upon by the directors or committee is inequitable or will prejudice the rights or interest of shareholders.

SEC. 26. [EXISTENCE MAY BE EXTENDED.] Any mutual building, loan or homestead association incorporated under this Act, or any prior Act, may extend the duration of time for which such association was organized, increase or decrease its capital stock, or change its name, or the number of directors, by a vote of the majority of the capital stock of such association at any meeting of the stockholders of such association; thereupon the board of directors shall transmit a copy of the proceedings of such meeting, duly attested, to the Auditor of Public Accounts, who shall issue his certificate as provided in Section 5 of this Act, certifying to the extension of time or duration of such association, and the same shall be recorded as provided in said Section 5 of this Act. And any association incorporated under any prior Act, and extending the duration of time for which it was incorporated, in the manner herein provided, shall be deemed as incorporated under and be vested with all the powers given in this Act, the same as if such association had been originally incorporated under it.

SEC. 27. [ANNUAL REPORTS TO AUDITOR — PENALTIES FOR NOT MAKING, OR MAKING FALSE OR WRONG REPORTS.] The secretary of every association doing business within this State shall, within 60 days next after the close of each fiscal year of such association, file with the Auditor of Public Accounts of the State of Illinois, with a fee of two dollars (\$2.00), a detailed statement of the receipts and expenditures of such association for one year next preceding the date of such report, its assets and liabilities, which statement shall be in such form as shall be prescribed by said Auditor. Such statement shall exhibit in full each, all and every of the receipts from whatsoever source received, and each, all and every of the expenditures of such association, including all expenses of management. All of such statements shall be sworn to by the secretary before some officer authorized by the laws of this State to administer oaths, and certified to by a committee of three or more members of such association, not officers thereof, or by some public accountant appointed by the board of directors. A copy or abstract of each such statement, and also of every other periodical statement, shall be either mailed to each shareholder or published in some newspaper regularly issued in the county in which such association is located within 60 days next after the same shall be compiled. Any secretary who shall wilfully neglect or refuse to file such statement, shall be subjected to a fine of not less than twenty-five dollars (\$25.00) nor more than two hundred dollars (\$200.00) for each neglect or refusal to furnish such statement. The same may be recovered in any court having competent jurisdiction in the name of the People of the State of Illinois, on the relation of the said Auditor of Public Accounts, for the benefit of the county wherein said association is located, or in which such secretary may reside.

SEC. 28. [DUTIES OF AUDITOR — FEES.] It shall be the duty of the Auditor of Public Accounts, in person, or by one or more persons, to be by him appointed for that purpose, not officers or agents of, or in any manner interested in such association, except as shareholders, at least once in each year, to examine into the affairs of every such association incorporated in this State, or doing business by its agents in this State, and it shall be the duty of the officers or any agents of any such association to cause their books to be opened for inspection of the Auditor or person or persons so by him appointed, and otherwise facilitate such examination so far as it may be in their power so to do, and for that purpose the Auditor or person or persons so appointed by him shall have power to examine, under oath, the officers and agents of such association relative to the business of such association, and whenever the Auditor of Public Accounts shall deem it for the best interests of the public so to do he shall publish the result of any investigation in one or more newspapers in general circulation, published in the county in which the principal office of such association is located, and annually, on or before the first day of December of each year, the Auditor of Public Accounts shall report in writing to the Governor the financial condition of all such associations doing business in this State. Said Auditor shall receive for each such examination made by him in person or by deputy his reasonable compensation and expenses and said compensation and expenses shall be paid by the association so examined.

SEC. 29. APPORTIONMENT OF PROFITS — CONTINGENT RESERVE — SPECIAL RESERVES — DIVIDENDS — UNDIVIDED PROFITS. The profits and losses of associations doing business in this State shall be apportioned at least annually, and as much oftener as the by-laws shall provide. At each periodical apportionment of profits the directors shall reserve as a guarantee or contingent reserve a sum not less than five (5) per centum nor

7 more than ten (10) per centum of the net profits accruing since the last prior
 8 preceding apportionment, until such reserve amounts to seven and one-half
 9 ($7\frac{1}{2}$) per centum of the dues capital, which reserve shall at all times thereafter
 10 be maintained and held at not less than said seven and one-half ($7\frac{1}{2}$) nor more
 11 than fifteen (15) per centum of the dues capital; and said reserve shall at all
 12 times be available to meet losses in the business of the association from de-
 13 preciation of its securities or otherwise.

14 The board of directors may, in its discretion, transfer additional amounts
 15 from the periodical profits of the association to establish special reserves for
 16 anticipated losses and when and if such losses occur, they may be charged to
 17 such special reserve accounts.

18 A further portion of such profits to be determined by the board of direc-
 19 tors, shall be transferred as a dividend, in such proportion to the credit of all
 20 members as the by-laws shall provide, unless otherwise limited by the provi-
 21 sions of this Act or by limitation of dividend rates on prepaid and paid-up
 22 shares, and such profits shall be apportioned or paid to the shares at such time
 23 and in such manner as the by-laws shall provide, unless contrary to the pro-
 24 visions of this Act. Any residue of such profits in an amount not to exceed
 25 three (3) per centum of the total assets of the association may be held as
 26 "Undivided Profits" to be subsequently used as other earnings.

SEC. 30. [AUDITING COMMITTEE — COMPENSATION ALLOWED.] And such
 2 association may allow reasonable compensation to its auditing committees
 3 for their services as such, or to such public accountants appointed by the
 4 board of directors in making an examination of any such association.

SEC. 31. SHAREHOLDERS' MEETING TO CONSIDER REORGANI-
 2 ZATION OR VOLUNTARY LIQUIDATION. Any association may reorgan-
 3 ize or go into voluntary liquidation by the votes of the shareholders owning at
 4 least two-thirds of the shares in force at the time such vote is taken. Upon re-
 5 organization the shareholders may reduce the liabilities to shareholders, segre-
 6 gate assets as provided for in Section 33 of this Act, and make any other change
 7 or changes in the corporate structure which they deem necessary or advisable:
 8 Provided, however, the rights of and liabilities to any creditors shall not in any
 9 wise be prejudiced or impaired by any such action. Whenever the board of di-
 10 rectors shall believe that it is for the best interest of the shareholders that the
 11 association be so reorganized or that it go into voluntary liquidation, or upon the
 12 filing with the board of directors of a petition signed by shareholders owning
 13 at least one-fourth of the shares in force, requesting the board of directors to
 14 submit to the shareholders the question as to whether such association shall re-
 15 organize or go into voluntary liquidation, or upon resolution ordering such ac-
 16 tion duly adopted at any annual or special shareholders' meeting, it shall be
 17 the duty of the board of directors to submit the question of reorganization or
 18 voluntary liquidation, or both, to a vote of the shareholders at such meeting of
 19 such shareholders to be called and held as herein provided.

20 Whenever a meeting of the shareholders is to be called for the purpose, as
 21 aforesaid, it shall be the duty of the board of directors to convene a special meet-
 22 ing of the shareholders at the principal office of the association, or at such con-
 23 venient meeting place within the same city, village or town, to be held at such
 24 time as the directors shall fix and determine. Notice of such meeting shall be
 25 given to every member of the association by depositing in the post-office, at least
 26 ten days before the time fixed for such meeting, a notice, postage prepaid, and
 27 properly addressed to each shareholder at the last recorded address of such
 28 shareholder as shown on the records of the association. The directors shall
 29 also cause a notice of such meeting certifying to the above facts to be sent to
 30 the Auditor of Public Accounts at the same time that notice is given to the
 31 shareholders.

32 The directors of such association shall prepare or have prepared by a pub-

33 lic accountant, licensed by the State of Illinois, a full and true exhibit of the
 34 affairs, property and conditions of such association, including an itemized
 35 statement of its assets and liabilities, which exhibits shall be sworn to by a
 36 majority of the directors before some officer authorized to administer oaths in
 37 this State, or certified as true and correct by the public accountant preparing
 38 the same. The original of such exhibits and reports so sworn to or certified
 39 shall be filed with the Auditor of Public Accounts at least five (5) days before
 40 the convening of such meeting. At such meeting all votes shall be by ballot
 41 and the vote of shareholders owning at least two-thirds of the shares in force
 42 at the time such vote is taken shall be necessary to carry any resolution for the
 43 reorganization or liquidation of such association. If less than two-thirds of
 44 the shares in force are represented at such meeting, the meeting may by a ma-
 45 jority vote of the shares present, and without further written notice to the
 46 shareholders, be adjourned to a day certain or sine die, the time and place of
 47 such adjourned meeting to be agreed upon and announced to all shareholders
 48 present at the time of such adjournment. Upon the adoption of any resolu-
 49 tion to reorganize or liquidate, a certified copy of such resolution, together with
 50 a copy of the minutes of the meeting at which it was adopted, shall be filed with
 51 the Auditor of Public Accounts within five (5) days after such adoption, and
 52 in all cases where subsequent sections of this Act provide for the filing with the
 53 said Auditor copies of resolutions, instructions or any trust agreement, same
 54 shall be accompanied by certified copies of the minutes of the meetings at which
 55 they were adopted. Except as herein otherwise provided, copies of all min-
 56 utes, resolutions and instructions to be certified in accordance with the provi-
 57 sions of this Act, shall be certified by the chairman and secretary of the meeting,
 58 or by two shareholders who were present at such meeting.

SEC. 32. REORGANIZATION — COMMITTEE TO DRAFT RESOLU-
 2 TIONS, ETC. If the shareholders of any association shall pass a resolution
 3 for the reorganization of such association, as provided for in Section 31 of this
 4 Act, they shall also at such meeting, except as herein otherwise provided, elect
 5 a committee of not less than three nor more than five, whose duties it shall be
 6 to draft any and all resolutions and instructions which said committee may
 7 deem necessary or advisable for the carrying out of the reorganization, and in
 8 which event the said meeting shall be adjourned to a day certain, and at which
 9 later meeting the committee so elected shall submit for adoption by the share-
 10 holders any and all resolutions and instructions so drafted. Upon adoption of
 11 such resolutions and instructions, directors for the reorganized association
 12 shall be elected, whose terms shall be for one year, or as otherwise provided
 13 for in this Act. It shall be the duty of any committee so elected to file with the
 14 Auditor of Public Accounts at least five (5) days before presentment to the
 15 shareholders a copy of all resolutions and instructions to be so submitted. In
 16 lieu of such procedure the board of directors may at the time of the meeting
 17 at which the question of reorganization is voted upon, submit a plan of reor-
 18 ganization together with any resolutions and instructions which they may pro-
 19 pose to have adopted by the shareholders, provided such plan, resolutions and
 20 instructions have been approved in writing by the Auditor of Public Accounts.
 21 Such resolutions and instructions may be voted on at the time of the voting to
 22 reorganize, and if adopted the shareholders may proceed forthwith to elect di-
 23 rectors whose terms shall be for one year or as otherwise provided for in this
 24 Act, and dispense with the election of a committee as hereinabove provided. A
 25 certified copy of any such resolutions and instructions so adopted shall be filed
 26 with the said Auditor within five days after adoption. Just prior to the election
 27 of directors for the reorganized association, the offices of all directors thereto-
 28 fore elected shall be declared vacant.

SEC. 33. TRUSTEES FOR SEGREGATED ASSETS. Upon the reor-
 2 ganization of any association the shareholders may segregate any assets deemed

3 of doubtful value or which they believe cannot be readily sold without the asso-
 4 ciation sustaining a loss. And where any such assets have been so segregated
 5 the shareholders shall elect three persons to act as trustees to manage, control
 6 and dispose of same, the powers and duties of such trustees to be set forth
 7 in a trust agreement to be executed in triplicate by the trustees so elected and
 8 the reorganized association acting through its duly elected directors and officers.
 9 The resolution of the shareholders authorizing any such segregation shall describe
 10 and recite the book value of all assets to be so segregated. The three copies of
 11 such trust agreement, together with a certified copy of the resolution of the board
 12 of directors adopting same and such bond or bonds issued by some Fidelity
 13 Insurance Company, licensed to do business in the State of Illinois, and in such
 14 amount or amounts as the board of directors of the reorganized association may
 15 fix and approve, and on such form or forms as the Auditor of Public Accounts
 16 shall require shall be forwarded to the said Auditor. And should the Auditor of
 17 Public Accounts believe that the trust agreement so drawn is in proper form for
 18 the protection of the interests of the cestuis que trust, and if the bonds of the
 19 trustees are on such form or forms as he may require and in such amount or
 20 amounts as have been fixed and approved by the board of directors, he shall within
 21 ten (10) days attach his certificate to that effect to two of the copies, one of which
 22 shall be forwarded to the trustees and the other to the association. The filing for
 23 record with the Recorder of Deeds of the county in which such association is
 24 located of any such trust agreement, with the certificate of the said Auditor attached
 25 thereto, shall be and constitute authority for such association to convey to the said
 26 trustees in trust any and all assets, or interest therein, to be so segregated. And
 27 unless and until the said Auditor shall file for recording in the same county a notice
 28 to the effect that he has taken possession and control of the assets of such trust
 29 or has appointed a Receiver, as provided for in Section 38 of this Act, the re-
 30 cording of such trust agreement shall likewise constitute authority for such
 31 trustees to manage, control, sell and convey any and all such segregated assets,
 32 subject only to the provisions of such trust agreement, and in which event no
 33 purchaser shall be required to look to the application of any purchase price
 34 paid or given. The officers of the reorganized association shall at the time of
 35 the execution of the trust agreement, as hereinabove provided for, furnish to
 36 the trustees named therein a list of all shareholders, whose shares were affected by
 37 such segregation, giving their last recorded addresses and the book value of shares
 38 held and the reduction of said values upon reorganization and segregation, so that
 39 such trustees may be able to ascertain the relative interest of each shareholder in
 40 the Trust to be so created. Any shareholder may examine that part of such list as
 41 may pertain to his own shares, and upon request, the trustees shall give to any share-
 42 holder written verification reciting his share values as shown on such list. The list
 43 shall be prima facie evidence of the share interests of all shareholders, and no share-
 44 holders shall be entitled to a greater relative interest in the Trust unless and until
 45 the trustees shall have agreed to a correction of the list or shall be ordered to do so
 46 by some court of competent jurisdiction.

47 ADMINISTRATION OF TRUST. Upon the recording of the trust agreement, as
 48 hereinabove provided, the trustees shall proceed to administer the Trust in accord-
 49 ance with its terms and provisions. They shall keep such books and records as may
 50 be prescribed by the Auditor of Public Accounts, and shall make such reports and
 51 distribution at such time or times as may be required by him. Their books and
 52 records, together with any and all assets of the Trust, shall always be subject to the
 53 supervision and examination of the said Auditor, or his duly appointed representa-
 54 tives. Every asset so segregated shall be carried upon the books of the Trust at
 55 the book value at which it was last carried by the association before reorganiza-
 56 tion. Such trustees may issue to the persons interested in such segregated assets
 57 participation certificates evidencing their relative interest in the Trust so created,
 58 the wording, form and type to be approved by the Auditor of Public Accounts.

59 SALE — ACCEPTANCE OF PARTICIPATION CERTIFICATES. Any

60 real estate or other assets so segregated may be sold to the highest bidder and
 61 such participation certificates accepted by the trustees in payment or part pay-
 62 ment therefor; Provided, that the sale price of such real estate or other assets
 63 shall in such event be not less than the book value thereof, and that the partici-
 64 pation certificates may be accepted only for such relative values as may be ap-
 65 proved from time to time by the said Auditor. Where such certificates are to
 66 be accepted in payment or part payment, notice as provided for in the second
 67 paragraph of Section 24 of this Act shall be given to the owners of all partici-
 68 pation certificates. Provided, however, any such assets may be sold at either
 69 public or private sale for cash at such purchase price as the trustees may deem
 70 fair.

71 SALE — ACCEPTANCE OF PAID-UP SHARES OF REORGANIZED
 72 ASSOCIATION. Where a purchaser is willing to buy a parcel of real estate
 73 so segregated, and makes application to the reorganized association for a loan
 74 to be secured by the mortgage of such parcel, such association may in lieu of
 75 paying in cash the amount so loaned as evidenced by such mortgage, issue paid-
 76 up shares to the borrower which may be assigned and transferred to such trus-
 77 tees, who may accept same at par value for the remaining portion of the pur-
 78 chase price. No such association shall accept a loan under such circumstances in
 79 an amount in excess of seventy-five per centum of the purchase price being paid
 80 by the purchaser, and no such loan shall be consummated until the balance of
 81 such purchase price shall have been paid in cash to such trustees. Provided,
 82 however, that the books, records and assets of any association which has out-
 83 standing paid-up shares issued in lieu of cash being loaned, as hereinabove
 84 provided, shall at all times be subject to the supervision and examination of
 85 the said Auditor of Public Accounts or his duly appointed representatives, and
 86 he shall be paid his reasonable compensation and expenses for such examina-
 87 tion. All deeds of conveyance shall be executed and acknowledged by at least
 88 two of the Trustees.

89 FINAL DISTRIBUTION — DISSOLUTION. Upon the sale or disposition
 90 of all the assets of the Trust and after payment of all expenses incidental to
 91 and in connection with the administering of such Trust, including expense of any
 92 preliminary or other examinations into the condition of such Trust by the Audi-
 93 tor of Public Accounts or his duly appointed representatives, notice shall be
 94 given by the Trustees of their intention to make final distribution to the cestuis
 95 que trust, such notice to be by publication in a newspaper located in the county
 96 in which the association just prior to reorganization had its principal place of
 97 business once each week for three consecutive weeks. Any person or persons
 98 having any claim against such Trust shall assert same before the date set forth
 99 in the publication for the making of final distribution, and unless such claim is
 100 adjusted to the satisfaction of such claimant, suit shall be instituted and service
 101 procured upon at least two of the Trustees before the time fixed in such notice
 102 for final distribution, or such claimant shall thereafter be forever barred from
 103 asserting any claims against such Trust. Any cestuis que trust may likewise ex-
 104 amine the records of the Trust before the time so fixed for final distribution to
 105 ascertain the amount he is to receive upon such final distribution as shown by
 106 such records. And should he believe that his distributive share is less than the
 107 relative portion being paid other cestuis que trust, he shall likewise institute suit
 108 and procure service upon at least two of the Trustees before the time so fixed
 109 for final distribution, or shall thereafter be barred as to the assertion of any
 110 such claim. Should any suit against such trustees be pending at the time fixed in
 111 the advertisement for final distribution, such distribution shall be deferred until
 112 the disposition of such suit and the payment of any judgment rendered therein.
 113 Any money due but unclaimed by a creditor and all unclaimed dividends shall
 114 be deposited with the Auditor of Public Accounts, and the person or persons
 115 entitled to the same may at any time thereafter apply to the said Auditor and

116 obtain the same making satisfactory proof of his right thereto. Upon the mak-
 117 ing of such final distribution the trustees shall then file with the said Auditor a
 118 final report of their acts, which shall be sworn to by them before some officer au-
 119 thorized to administer oaths and upon the approval of such report by the said
 120 Auditor and the turning over to him for preservation all books of account and
 121 other records, the Trust shall be deemed dissolved, and the trustees discharged.

SEC. 34. VOLUNTARY LIQUIDATION — COMMITTEE TO DRAFT
 2 RESOLUTIONS, ETC. If the shareholders of any association shall pass a
 3 resolution for the liquidation of such association, as provided for in Section 31
 4 of this Act, they shall also at such meeting, except as herein otherwise provided,
 5 elect a committee of not less than three nor more than five, whose duties it shall
 6 be to draft any and all resolutions and instructions which said committee may
 7 deem necessary or advisable for the carrying out of the liquidation, and in which
 8 event the said meeting shall be adjourned to a day certain, and at which later
 9 meeting the committee so elected shall submit for adoption by the shareholders,
 10 any and all resolutions and instructions so drafted. It shall be the duty of any
 11 committee so elected to file with the Auditor of Public Accounts at least five
 12 days before presentment to the shareholders a copy of all resolutions and in-
 13 structions to be so submitted. Upon adoption of such resolutions and instruc-
 14 tions three liquidators shall be elected. In lieu of such procedure the board of
 15 directors may at the time of the meeting at which the question of liquidation is
 16 voted upon, submit a plan of liquidation, together with any resolutions and in-
 17 structions which they may propose to have adopted by the shareholders, pro-
 18 vided such plan, resolutions and instructions have been approved in writing
 19 by the Auditor of Public Accounts. Such resolutions and instructions may be
 20 voted on at the time of the voting to liquidate, and if adopted the shareholders
 21 may proceed forthwith to elect three liquidators, whose terms shall be for one
 22 year or as otherwise provided for in this Act, and dispense with the election of
 23 a committee as hereinabove provided. Just prior to the election of liquidators,
 24 the offices of all directors theretofore elected shall be declared vacant. The three
 25 persons so elected to liquidate an association shall execute such bond or bonds
 26 issued by some Fidelity Insurance Company licensed to do business in the State
 27 of Illinois, and in such amount or amounts and on such form or forms as the
 28 said Auditor may require. Two copies of all such resolutions and instructions
 29 setting forth the authority of the liquidators, as shall have been adopted by the
 30 shareholders, certified as being true and correct by the chairman and secre-
 31 tary of the meeting adopting the same and such bond or bonds shall be for-
 32 warded to the said Auditor. And should the Auditor of Public Accounts be-
 33 lieve that the resolutions and instructions are in proper form for the protection
 34 of the interests of the shareholders, and if the bonds of the liquidators are on
 35 such form or forms and in such amount or amounts as he may deem proper, he
 36 shall attach his certificate to that effect to one of the copies and return same
 37 to the liquidators. The filing for record with the Recorder of Deeds of the
 38 county in which such association is located of such resolutions and instructions,
 39 with the certificate of the said Auditor attached thereto, shall be and constitute
 40 authority for such association to deliver to the liquidators all books, records
 41 and assets of every kind and character. And unless and until the Auditor of
 42 Public Accounts shall file for recording in the same county a notice to the effect
 43 that he has taken possession and control of the assets of such association being
 44 so liquidated or has appointed a Receiver, as provided for in Section 38 of this
 45 Act, the recording of such resolutions and instructions shall constitute author-
 46 ity for the liquidators named therein to manage, control, sell and convey any
 47 and all of the assets of such association, subject only to the provisions of such
 48 resolutions and instructions, and in which event no purchaser shall be required
 49 to look to the application of any purchase price paid or given.

50 ADMINISTRATION BY LIQUIDATORS — NOTICE TO CREDITORS.
 51 Upon the recording of such resolutions and instructions, as hereinabove pro-

52 vided, the liquidators shall proceed to liquidate the assets of the association in
 53 accordance with the terms and provisions therein set forth. They shall keep
 54 such books and records as may be prescribed by the Auditor of Public Accounts,
 55 and shall make such reports and distribution at such time or times as may be
 56 required by him. Their books and records, together with any and all assets of
 57 the association, shall always be subject to the supervision and examination of
 58 the said Auditor or his duly appointed representatives. The liquidators shall
 59 fix a time for all persons who have claims against the association to present
 60 same, and shall cause notice to be given by advertisement in some newspaper
 61 located in the county in which the association has its principal place of business
 62 once each week for three consecutive weeks prior to the time so fixed, calling on
 63 all such persons to present same on or before such date. All claims shall be in
 64 writing, and the claimant or his duly authorized agent shall make oath that the
 65 claim so presented is just and unpaid after allowing all just credits, deductions
 66 and set offs. Claims may be presented at any time before the date to be fixed
 67 and set forth in the advertisement for making final distribution, as hereinafter
 68 provided, and shall be allowed or disallowed within five days after their pre-
 69 sentment. Upon the disallowance of a claim, the liquidators shall immediately
 70 notify the claimant in writing of such fact, and which claimant may thereafter
 71 at any time before the time to be fixed for final distribution institute suit to
 72 make collection. Ratable payments of allowed claims or judgments may be
 73 made at any time after the time fixed for presentment of claims, but claims hav-
 74 ing a preference in law shall likewise be given a preference in payment. No dis-
 75 tribution shall be made to the shareholders until all allowed claims together
 76 with any judgments have been paid, and no distribution shall be made to share-
 77 holders during the pendency of a suit, unless sufficient funds are segregated to
 78 pay any judgment which may be rendered in such suit. Any shareholder may
 79 examine that part of the association's records as may pertain to his own shares,
 80 and upon request the liquidators shall give to any shareholder written verifica-
 81 tion reciting his share values as may be shown on such records. Such record shall
 82 thereafter be prima facie evidence of the share interests of all shareholders, and
 83 no shareholder shall be entitled to a greater relative interest in the association
 84 unless and until the liquidators shall have agreed to a correction of the records
 85 so far as they pertain to such shareholder's shares, or shall be ordered to do so by
 86 some court of competent jurisdiction. The liquidators shall require all share-
 87 holders to present their share certificates for appropriate endorsement upon the
 88 payment of any liquidating dividend and upon final distribution or upon full
 89 satisfaction of a shareholder's account such certificates shall be surrendered to
 90 the liquidators. Every asset of the association shall be carried upon the books
 91 at the book value at which it was last carried by the association just prior to
 92 the voting to liquidate.

93 SALE — ACCEPTANCE OF SHARES. Any real estate or other assets
 94 may be sold to the highest bidder and shares of the association accepted by the
 95 liquidators in payment or part payment therefor; Provided, that the sale price of
 96 such real estate or other assets shall in such event be not less than the book value
 97 thereof, and that the shares may be accepted only for such relative values as
 98 may be approved from time to time by the said Auditor. Where shares are to
 99 be accepted in payment or part payment, notice as provided for in the second
 100 paragraph of Section 24 of this Act, shall be given to all shareholders. Provid-
 101 ed, however, any such assets may be sold at either public or private sale for
 102 cash at such purchase price as the liquidators may deem fair. All deeds of con-
 103 veyance shall be executed and acknowledged by all of the liquidators.

104 COMPENSATION OF LIQUIDATORS, ATTORNEYS AND EMPLOYEES—REPORTS TO AUDI-
 105 TOR. The compensation of the liquidators shall be fixed by the shareholders in res-
 106 olution and shall not exceed three per centum of the receipts realized from liquida-
 107 tion. Out of the proceeds of liquidation, they shall approve and pay for all neces-
 108 sary clerk hire employed and all expenses and other services incidental to the liquida-
 109 tion. They shall further be empowered to employ all necessary attorneys' services

110 and allow a reasonable compensation therefor. The liquidators shall report the
 111 progress of the liquidation semi-annually or oftener, as shall be required by the
 112 Auditor of Public Accounts, on forms to be prescribed by said Auditor. Such re-
 113 ports shall include an itemized statement of all the income and expenses and the
 114 status of the liquidation as of the date of the report.

115 FINAL DISTRIBUTION — DISSOLUTION. Upon the sale or disposition
 116 of all of the assets of the association and after payment of all expenses inci-
 117 dental to and in connection with such liquidation, including expenses of any pre-
 118 liminary or other examinations into the condition of its affairs by the Auditor
 119 of Public Accounts or his duly appointed representatives, notice shall be given
 120 by the liquidators of their intention to make final distribution to the sharehold-
 121 ers, such notice to be by publication in a newspaper located in the county in
 122 which the association has its principal place of business once each week for three
 123 consecutive weeks. Any person or persons having any claim against such as-
 124 sociation shall assert same before the date set forth in the publication for the
 125 making of final distribution, and unless such claim is adjusted to the satisfac-
 126 tion of such claimant, suit shall be instituted and service procured upon one or
 127 more of the liquidators before the time fixed in such notice for final distribution,
 128 or such claimant shall thereafter be forever barred from asserting any claims
 129 against such association. Any shareholder may likewise examine the records of
 130 the association before the time so fixed for final distribution to ascertain the
 131 amount he is to receive upon such final distribution as shown by such records.
 132 And should he believe that his distributive share is less than the relative portion
 133 being paid any other shareholder, he shall likewise institute suit and procure
 134 service upon one or more of the liquidators before the time so fixed for final dis-
 135 tribution, or shall thereafter be barred as to the assertion of any such claim.
 136 Should any suit against such association being so liquidated be pending at the
 137 time fixed in the advertisement for final distribution, such distribution shall be
 138 deferred until the disposition of such suit and the payment of any judgment
 139 rendered therein. Any money due but unclaimed by a creditor and all unclaim-
 140 ed dividends shall be deposited with the Auditor of Public Accounts, and the
 141 person or persons entitled to the same may at any time thereafter apply to the
 142 said Auditor and obtain the same upon making satisfactory proof of his right
 143 thereto. Upon the making of such final distribution the liquidators shall then
 144 file with the said Auditor a final report of their acts, which shall be sworn to
 145 by them before some officer authorized to administer oaths, and upon the ap-
 146 proval of such report by the said Auditor and the turning over to him for pres-
 147 ervation all books of account and other records the association shall be deemed
 148 dissolved, and the liquidators discharged.

SEC. 35. CUMULATIVE VOTING. In electing directors, trustees or
 2 liquidators each shareholder may vote in person or by proxy the number of
 3 shares owned or subscribed for by him for as many persons as there are direc-
 4 tors or trustees or liquidators to be elected, or to cumulate such shares and give
 5 one candidate as many votes as the number of directors or trustees or liquida-
 6 tors multiplied by the number of his shares shall equal, or to distribute them on
 7 the same principle among as many candidates as he shall think fit.

SEC. 36. NAMES AND ADDRESSES OF DIRECTORS, OFFICERS,
 2 TRUSTEES, LIQUIDATORS TO BE FILED WITH AUDITOR. Upon
 3 the election of any person as a director or officer of an associa-
 4 tion his address shall be recorded in the association's minute book.
 5 And should any director or officer thereafter change his address, he
 6 shall immediately notify the secretary of the association of such
 7 change, who shall thereupon record the new address. Within ten (10)
 8 days after such recordation, the secretary shall file with the Auditor of Public
 9 Accounts a written statement, giving the name, address and office held of such
 10 director or officer. Should any person while acting as trustee or liquidator, ap-
 11 pointed under the provisions of this Act, change his address, he shall within ten

12 (10) days file with the said Auditor a written statement showing the new
 13 address. Every person subscribing for shares shall give his address, and upon
 14 the issuance of any shares to such person the address shall be recorded in the
 15 records of the association, and should such person thereafter change his address
 16 and so notify the secretary, it shall be the duty of the secretary to record the
 17 new address.

2 SEC. 37. DEATH, RESIGNATION OR REMOVAL OF TRUSTEE OR
 3 LIQUIDATOR. Except as herein otherwise provided, in the event of the
 4 death or resignation of any director, or the death, resignation, incapacity or re-
 5 moval of any trustee or liquidator elected in accordance with the provisions of
 6 this Act, the remaining directors, trustees or liquidators shall have full power
 7 and authority to continue on in the management of the association, Trust or
 liquidation, unless and until such vacancy has been regularly filled.

2 SEC. 38. IMPAIRMENT OF CAPITAL, ETC. — I L L E G A L M A N A G E -
 3 M E N T B Y D I R E C T O R S — T A K I N G P O S S E S S I O N O F A S S E T S B Y A U D -
 4 I T O R , A P P O I N T M E N T O F R E C E I V E R . If it appears from reports made
 5 to the Auditor of Public Accounts, or from examination made by or on behalf
 6 of the Auditor, that the capital of any association doing business in this State
 7 is impaired to the extent that the realizable value of its assets is insufficient to
 8 pay in full its creditors and return to the shareholders the dues paid on the
 9 shares, with interest thereon at the rate of two per centum per annum for the
 10 average time invested, or that the business of any association, or Trust where
 11 assets have been segregated, or association in liquidation is being conducted in
 12 a fraudulent, illegal, discriminatory or unsafe manner, or that any director or di-
 13 rectors, officer or officers, trustee or trustees, liquidator or liquidators have neg-
 14 lected, failed or refused to take any action which the Auditor may deem necessary
 15 for the protection of the interests of shareholders or cestuis que trust, or that any
 16 officer or officers, employee or employees, trustee or trustees, liquidator or liq-
 17 uidators have continued to assume duties or perform acts without giving bond as
 18 required by the provisions of this Act, or that the directors, officers, trustees or
 19 liquidators neglect, fail or refuse to institute and prosecute any action or to do
 20 any act which he, the Auditor of Public Accounts, may deem necessary for the
 21 protection and safeguarding of the interests of shareholders or cestuis que
 22 trust, or for the conserving or proper management of assets, he may in his dis-
 23 cretion forthwith for the purpose of examination and any adjustment thereafter
 24 deemed necessary, take possession and control of the books, records and assets
 25 of every kind and character of such association or Trust for the purpose of fur-
 26 ther examining same, and the conserving of such assets. If after such exam-
 27 ination and consideration of all conditions affecting the association, or the Trust
 28 or the association in liquidation, the Auditor finds that all requirements as to the
 29 giving of bond have been complied with, and believes that such association will
 30 thereafter conduct its business in a legal, safe and impartial manner, that the
 31 directors or officers or trustees or liquidators will take such action as may be
 32 necessary from time to time to protect the interests of the shareholders or
 33 cestuis que trust, and that thereafter the assets will be managed, controlled
 34 and disposed of in a fair, safe and legal manner, and that said trustees or
 35 liquidators will make report and distribution as may be required from time to
 36 time by the said Auditor, he, the said Auditor of Public Accounts, shall rede-
 37 liver possession of all books, records and assets to the association or trustees
 38 or liquidators. If, however, the Auditor of Public Accounts, in his discretion, be-
 39 lieves that it would not be for the best interests of the shareholders or cestuis
 40 que trust to redeliver possession of such books, records and assets, he shall
 41 either call a meeting of the shareholders or cestuis que trust, by giving notice
 42 in the manner as provided in Section 31 of this Act, for the purpose of permit-
 43 ting them to vote upon reorganization or liquidation or to elect trustees to act
 44 in the place and stead of the ones theretofore elected or to elect liquidators to
 act in the place and stead of the ones theretofore elected, or he shall forthwith

45 appoint a Receiver for the purpose of liquidation, and in which event shall re-
 46 quire of said Receiver such bond and security, as he, the Auditor, deems proper.
 47 If the shareholders or cestuis que trust at any such meeting so called by the
 48 Auditor of Public Accounts, as hereinabove provided, vote reorganization or
 49 liquidation and adopt such resolutions and instructions as provided for in Sec-
 50 tion 32 or Section 34 of this Act, or shall elect trustees or liquidators to act in
 51 the place and stead of the ones theretofore elected, and all of the provisions of
 52 this Act relative to the giving of bond and recordation of resolutions and in-
 53 structions shall have been complied with, then the said Auditor shall redeliver
 54 all books, records and assets to such reorganized association, trustees or liqui-
 55 dators. Should the shareholders or cestuis que trust at any such meeting so
 56 called by the Auditor of Public Accounts, neglect, fail or refuse to reorganize
 57 or voluntarily liquidate or elect trustees or liquidators to so act in the place
 58 and stead of the ones theretofore elected, the said Auditor shall forthwith ap-
 59 point a Receiver for the purpose of liquidating the association or Trust. The
 60 said Auditor may, upon taking possession and control of the assets of any asso-
 61 ciation or Trust, as herein provided, and shall, immediately upon the appoint-
 62 ment of a Receiver, file with the Recorder of Deeds of the county in which the
 63 association is located or in which the Trust is being administered, a notice to
 64 that effect, and any authority of the directors and officers of the association, or
 65 the trustees of such Trust or liquidators of any association being so liquidated,
 66 shall be suspended unless and until the assets of such association or Trust are
 67 later redelivered to and their management restored in, the directors and officers,
 68 or trustees or liquidators. In the event the said Auditor shall have filed with
 69 the Recorder of Deeds a notice of the taking of possession and control of the
 70 assets of, or the appointment of a Receiver for, any association or Trust, and
 71 the assets shall thereafter be redelivered to and management restored in the
 72 directors and officers, or trustees or liquidators, the said Auditor shall upon such
 73 redelivery, file with the Recorder of the same county a notice of such redelivery
 74 and restoration of management, and the directors and officers of the association,
 75 or trustees of the Trust, or liquidators of the association being liquidated, may
 76 thereupon resume management and exercise the authority theretofore enjoyed
 77 by them.

78 Where trustees or liquidators have been elected to act in the place and
 79 stead of ones theretofore elected, certified copies of the resolution and the min-
 80 utes of the meeting, together with such bond or bonds as the Auditor of Public
 81 Accounts may require, shall be forwarded to the said Auditor. And should the
 82 Auditor of Public Accounts believe from the examination of such resolution and
 83 the minutes of such meeting that the person or persons have been duly elected
 84 as trustee or trustees, liquidator or liquidators, and that such bond or bonds are
 85 in such form and amount as he may deem proper, he shall attach his certificate
 86 to that effect to one of the copies of the resolution and forward same to the
 87 trustees or liquidators, and in the case of a Trust shall forward one copy with
 88 his certificate attached thereto to the reorganized association. The copy so for-
 89 warded to the trustees or liquidators shall be filed for record with the Recorder
 90 of Deeds of the county in which the Trust agreement has been recorded or in
 91 which the association is being liquidated. Upon the recording of such copy the
 92 trustees of the Trust, or liquidators of the Association being liquidated, shall
 93 resume the duties of administering the Trust or liquidating the association.

94 Where the Auditor of Public Accounts or person or persons by him ap-
 95 pointed for that purpose have taken possession and control of the books, records
 96 or assets of any association or Trust, as herein provided, and from such exam-
 97 ination believes that an adjustment of its affairs is necessary, but that such ad-
 98 justment can, in his opinion, be made without the necessity of reorganization,
 99 liquidation or the election of a person or persons to act as trustee or trustees,
 100 liquidator or liquidators, in the place and stead of a trustee or trustees, liqui-
 101 dator or liquidators, theretofore elected, he, the said Auditor, may direct the op-
 102 eration of the association or Trust for such time as may be necessary to adjust

its affairs. For the purpose of such management he may retain any person or persons then employed by the association or Trust, the salaries of whom shall be paid out of the association's or Trust funds, or the said Auditor may appoint one or more of the employees of his office to temporarily manage the association or Trust until the affairs have been adjusted, and in which event he shall receive reasonable compensation and expenses for such person or persons, same to be paid by the association or Trust. During such time as the Auditor of Public Accounts shall have possession and control of the books, records and assets of any association or Trust, he shall make collections and receipt for payments made by shareholders or persons owing the association or Trust. All payments made by shareholders on unpledged shares during such time as the said Auditor shall have possession and control of the books, records and assets, as aforesaid, shall be segregated by the said Auditor until possession and control shall have been redelivered to the directors and officers, or trustees or liquidators, or a Receiver shall have been appointed, as provided for herein. Provided, however, any shareholder whose payments have been so segregated may at any time before the redelivery of assets, as hereinabove provided for, request the return of the payments made by him and so segregated, and in such event the said Auditor shall repay same without interest or profit. Provided further that in the event that the said Auditor calls a meeting of the shareholders for the purpose of considering reorganization or liquidation, and such shareholders shall at such meeting or at any adjourned meeting thereof, vote in favor of liquidation, the said Auditor shall return all of the monies so segregated to the shareholders paying same, before making delivery of the books, records and other assets to the persons elected to liquidate the association.

SEC. 39. FILING OF BILL BY ATTORNEY GENERAL. Where a Receiver has been appointed for any association or Trust, as provided for in the foregoing section, such Receiver under the direction of the Auditor of Public Accounts shall take possession of and for the purpose of the receivership, the title to the books, records and assets of every description of said association or Trust. The Auditor shall direct the Attorney General to file a bill in the Circuit Court of the County in which such association is located, or in the county in which such Trust is being administered, and in the name of the People of the State of Illinois against said association or trustees or liquidators for the dissolution of said association or Trust, and for an injunction restraining the officers and directors, trustees or liquidators from continuing the operation of said association, Trust or liquidation.

And no bill shall be filed nor proceedings commenced in any court for the dissolution or for the winding up of the affairs of any association or Trust on the ground of insolvency or impairment of the capital of any association, or on the ground that such association or Trust or liquidation is being conducted in an illegal, fraudulent or unsafe manner, except in the name and by the authority of the Auditor of Public Accounts, represented by the Attorney General.

Such Receiver shall file with the Auditor a copy of each report which he makes to the court having jurisdiction of such receivership, in order that said Auditor may have at his command a complete record of all associations and Trusts whose business has been so liquidated.

SEC. 40. DUTIES OF RECEIVER. Such Receiver shall proceed to collect all debts and claims belonging to the association or Trust, and upon the order of the court having jurisdiction of such receivership may sell or compound all bad or doubtful debts, and on a like order may sell the real and personal property on such terms as the court shall direct, and shall prepare or have prepared a full and true exhibit of the affairs, property and conditions of such association or Trust, including an itemized statement of all of its assets and liabilities. Such Receiver shall, upon his appointment, cause notice to be given by advertisement in some newspaper located in the county in which the said asso-

10 ciation or Trust has its principal place of business, once each week for three con-
 11 secutive weeks, calling on all persons who may have claims against such asso-
 12 ciation or Trust to present the same to such Receiver and to make legal proof
 13 thereof, and the said claims shall be by said Receiver presented to the court hav-
 14 ing jurisdiction of such receivership, and the allowance or disallowance of such
 15 claims by said court in connection with said proceedings shall be deemed an
 16 adjudication in a court of competent jurisdiction; such Receiver shall after the
 17 expiration of said period of publication, file with the said Auditor and with the
 18 clerk of such court as may have charge of said liquidation proceedings, a correct
 19 list of all creditors and shareholders or cestuis que trust, as shown by the books,
 20 who have not presented their claims, and the amount of their respective claims,
 21 after allowing all just credits, deductions and setoffs as shown by the books, and
 22 such claims so filed shall be deemed proven, unless objections are filed thereto
 23 by such party or parties interested therein within such time as shall be fixed by
 24 said court and notice of such allowance shall be given by publication in a news-
 25 paper in said county once each week for three consecutive weeks.

SEC. 41. DIVIDEND PAYMENTS BY RECEIVER. From time to time
 2 the Receiver shall make a ratable dividend of the monies collected by him on
 3 all such claims as may have been proven to the satisfaction of the Receiver and
 4 adjudicated in a court of competent jurisdiction, and as the proceeds of the
 5 assets are collected, shall make further dividends on all claims previously
 6 proven or adjudicated.

7 Any money due but unclaimed by a creditor who shall have proven his
 8 claim, and all unclaimed dividends shall be deposited with the Auditor of Public
 9 Accounts, and the person or persons entitled to the same may at any time
 10 thereafter apply to the said Auditor and obtain same upon making satisfactory
 11 proof of his right thereto.

12 At the close of the receivership it shall be the duty of the Receiver to turn
 13 over to the Auditor all books of account and other records of such association
 14 or Trust for preservation

SEC. 42. DISSOLUTION — NEWSPAPER NOTICE. All expenses of
 2 such receivership, including compensation to such Receiver at not to exceed the
 3 sum of ten dollars (\$10.00) per diem and reasonable solicitors' and attorneys'
 4 fees, approved by the Auditor of Public Accounts, and the court having juris-
 5 diction of such receivership shall be paid out of the assets of such receivership;
 6 and all expenses of any preliminary or other examinations into the condition
 7 of any such association, Trust, liquidation or receivership, and all expenses inci-
 8 dental to and in connection with the possession, control and operation of any
 9 property, records and assets of every description, of such association, Trust,
 10 liquidation or receivership, shall be paid out of the assets of such association;
 11 and upon the final report of the Receiver to the court having charge of said liqui-
 12 dation, upon petition of the Receiver and Auditor, represented by the Attorney
 13 General, such court may enter an order finding that the said association or Trust
 14 should be dissolved, and upon notice by publication in a newspaper located in
 15 the county in which the association or Trust has its principal place of business,
 16 once each week for three consecutive weeks, may enter a decree dissolving such
 17 association or Trust.

SEC. 43. SUIT BY ASSOCIATION OR TRUST TO ENJOIN AUDITOR.
 2 Whenever the Auditor of Public Accounts shall take possession and control of the
 3 books, records or assets of any association or Trust, or shall appoint a Receiver
 4 for any association or Trust, he shall serve a written notice of the taking of such
 5 possession or of the appointment of such Receiver upon the President or Sec-
 6 retary and not less than two directors of any such association, or upon at least
 7 two of the trustees of any Trust, or upon at least two of the liquidators of any
 8 association being liquidated. And if the association or Trust denies, or any
 9 two of the trustees or liquidators, deny that the said Auditor has any of the

10 grounds, as set forth in this Act, for the taking of such possession and control,
 11 or the appointment of a Receiver, it or they may at any time within ten days
 12 after the service of such notice apply to the Circuit Court of Sangamon Coun-
 13 ty, Illinois, to enjoin further proceedings in the premises; and such court after
 14 citing the Auditor of Public Accounts to show cause why further proceedings
 15 should not be enjoined, and after the decision of the court that such grounds do
 16 not exist, shall make an order enjoining the said Auditor and any appointee or
 17 appointees, and any Receiver acting under his direction, from all further pro-
 18 ceedings on account of any grounds which the said Auditor shall have presented
 19 to the court.

20 All expenses incurred by reason of the taking possession and control, or of
 21 such receivership, including compensation to such Receiver at not to exceed the
 22 sum of ten dollars (\$10.00) per diem and reasonable solicitors' and attorneys'
 23 fees, approved by the Auditor of Public Accounts, shall be paid out of the assets
 24 of such association or Trust; and all expenses of any preliminary or other ex-
 25 aminations into the condition of any such association or Trust, or receivership,
 26 and all expenses incident and in connection with the possession and control of
 27 any association's or Trust's place of business, furniture and fixtures, books, rec-
 28 ords and assets of every description of such association or Trust by the said
 29 Auditor for the purpose of reorganization or liquidation through receivership,
 30 shall be paid out of the assets of such association or Trust.

SEC. 44. [REPEAL.] The Act entitled "An Act to enable associations
 2 of persons to become a body corporate to raise funds to be loaned only
 3 among the members of such associations," in force July 1, 1879, and all
 4 amendments thereto and all other Acts or parts of Acts in conflict with
 5 this Act are hereby repealed: Provided, That this section shall not
 6 affect any rights existing or actions pending, or mortgages, trust deeds,
 7 notes, contracts, or shares, in force at the time this Act shall take effect.

SEC. 45. [PROCEEDINGS TO CONVERT INTO FEDERAL SAVINGS AND LOAN ASSOCIA-
 2 TION—BUILDING AND LOAN ADVISORY BOARD—INSURANCE.] Any association organ-
 3 ized and existing under this Act may, with the written approval of the Auditor of
 4 Public Accounts, convert itself into a federal savings and loan association pursu-
 5 ant to an Act of Congress, approved June 13, 1933, entitled "Home Owners' Loan
 6 Act of 1933," with the same force and effect as though originally incorporated un-
 7 der such Act of Congress, and the proceedings to effect such conversion shall be as
 8 follows:

9 A. A meeting of the shareholders shall be held upon not less than thirty days'
 10 written notice to each shareholder, served either personally or by mail, postage
 11 prepaid, directed to him at his last known post office address and containing a
 12 statement of the time, place and the purpose for which such meeting is called.
 13 Proof by affidavit of due service of such notice shall be filed in the office of the asso-
 14 ciation before or at the time of such meeting.

15 B. At a meeting of the shareholders of any such association held as provided
 16 in subdivision A of this section, such shareholders may, by the affirmative vote of
 17 the shareholders, in person or by proxy, owning or holding three-fourths of the out-
 18 standing shares of such association, declare by resolution, the determination to con-
 19 vert said association into a federal savings and loan association. A copy of the
 20 minutes of the proceedings of such meeting of the shareholders, verified by the affi-
 21 davit of the president or vice-president and the secretary of the meeting, shall
 22 be filed in the office of the Auditor of Public Accounts within twenty days
 23 after the date of such meeting. Such sworn copy of the proceedings of
 24 such meeting, when so filed, shall be presumptive evidence of the hold-
 25 ing and the action of such meeting.

26 C. Thereafter, with all due diligence, and upon not less than thirty
 27 days' written notice to the Auditor of Public Accounts, the association
 28 shall take such action, in the manner prescribed or authorized by the

29 laws of the United States as shall make it a federal savings and loan
 30 association and there shall thereupon be filed in the office of the Auditor
 31 of Public Accounts a copy of the charter or authorization issued to such
 32 savings and loan association by the Federal Home Loan Bank Board or
 33 a copy of a certificate issued by the Federal Home Loan Bank Board
 34 certifying to the organization or conversion of such association as a
 35 federal savings and loan association, and upon such filing with the
 36 Auditor of Public Accounts, the association shall cease to be a State
 37 building and loan association but shall be converted into a federal savings
 38 and loan association.

39 Any shareholder who shall not have filed a written approval, approv-
 40 ing in writing the conversion of the Association into a Federal Savings
 41 and Loan Association, or who shall not have signed a waiver, waiving his
 42 rights, as herein provided, to demand payment of the fair value of his
 43 shares shall be paid the fair value of his shares as of the day prior to
 44 the day of said meeting, providing that within thirty days after such
 45 meeting he shall make written demand for the payment to him of the
 46 fair value of his shares as of the date prior to the day of said meeting,
 47 and upon the making of such written demand within the said period of
 48 thirty days, he shall be paid the fair value of his shares in accordance
 49 with the procedure prescribed in Section 70 of The Business Corpora-
 50 tion Act, filed July 13, 1933. The written notice to be sent to each share-
 51 holder, as provided in Subdivision A of this Section, shall specifically
 52 apprise the shareholder of his right to demand payment of the fair
 53 value of his shares as provided herein.

54 In addition to the foregoing, any act, notice, approval of shareholders, consent
 55 of supervisory or regulatory authority or other thing necessary or required from
 56 time to time as a condition precedent for the converting of a Federal Savings and
 57 Loan Association to an association to operate under this Act, shall likewise be re-
 58 quired to be performed, given, approved, procured or done before a conversion of
 59 any association organized and existing under this Act to a Federal Savings and
 60 Loan Association shall be consummated or effected.

61 SHARE INSURANCE. Unless specifically prohibited by the by-laws of the asso-
 62 ciation the board of directors of any association organized and existing under this
 63 Act, may, with the written approval of the Auditor of Public Accounts, but sub-
 64 ject, nevertheless, to the provisions of this Act and as same may be amended from time
 65 to time, do all things necessary or proper to obtain, continue and pay for insurance
 66 of the shares of the association by the Federal Savings and Loan Insurance Cor-
 67 poration.

68 ADVISORY BOARD. To regulate the insurance of shares of associations oper-
 69 ating under this Act until July 1, 1941, and to work out a systematic plan according
 70 to communities so that undue injury to other associations may be avoided, there is
 71 hereby created a Board to be known as the "Building and Loan Advisory Board".
 72 Such Board shall be composed of the Auditor of Public Accounts and four other
 73 persons to be appointed by him, all of whom shall serve gratuitously and without
 74 recompense. Each of the four appointees shall have been actively engaged in
 75 building and loan management in Illinois for at least five years immediately prior
 76 to their appointment, and three of whom shall be appointed from a list of not less
 77 than eight nominees, submitted to the Auditor of Public Accounts for this purpose
 78 by the Illinois Building and Loan League. Provided, however, the Auditor may
 79 from time to time designate any person as his representative to act in his stead as a
 80 member of said Board. Upon the death, removal, resignation or other vacancy in
 81 the Building and Loan Advisory Board, the Auditor of Public Accounts shall fill
 82 same for the unexpired term according to the provisions and qualifications herein
 83 prescribed.

84 The Building and Loan Advisory Board shall meet during the month of July
 85 of each year and elect one of the members as chairman, one as vice-chairman and

one as secretary. At the annual meeting the Board shall adopt rules and regulations for the holding and conducting of meetings and for holding hearings concerning all matters within its province to consider, and shall keep a record of all matters transpiring at such meetings. Subsequent regular meetings shall be held monthly thereafter. Special meetings may be called by the Auditor of Public Accounts, and shall be at the request of any three members of the Building and Loan Advisory Board.

All applications submitted to the Auditor of Public Accounts prior to July 1, 1941, requesting his approval of insurance of shares shall in turn be submitted to the Board for its deliberation. The Advisory Board may in its discretion communicate with representatives of other associations operating in the same locality or community as that of the applicant and may defer action on such application until such time as any other association operating in the same locality or community shall have had opportunity to qualify and apply for insurance of shares, either by calling a directors' meeting to consider same or, if necessary, a shareholders' meeting to reorganize. After due notice has been given to all associations operating in the same locality or community as that of the applicant and ample opportunity has been given to all such associations to qualify and apply for insurance, or in the event the Advisory Board shall determine that the insurance of the shares of the applicant will not unduly affect any other association, the Board shall thereupon notify the Auditor to that effect, and the Auditor shall thenceforth approve the application. All questions submitted to the Board shall be decided by a majority vote of its members.

In addition to the foregoing, the Building and Loan Advisory Board may make such recommendations as it may see fit in the matter of conversion of associations operating under this Act to a Federal Savings and Loan Association. And in order to curtail promiscuous chartering of associations by either the State of Illinois or the United States, the Building and Loan Advisory Board may from time to time make such recommendations as it may think proper to any authority or agency whose duty it may be to charter associations under this Act or similar associations under Section 5 of the Home Owners Loan Act.

SEC. 46. [STATE SUPERVISION TERMINATED — SUCCESSION TO ALL RIGHTS OF STATE ASSOCIATION.] At the time when such conversion becomes effective the said association shall cease to be supervised by this State, but shall continue as a body corporate converted pursuant to the provisions of the Home Owners' Loan Act of 1933, and subject to examination and regulation pursuant to the said Act and all the property of the state savings and loan association, including all its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing, belonging or pertaining to it or which would inure to it, shall immediately by act or law and without any conveyance or transfer, and without any further act or deed, be vested in and become the property of the federal savings and loan association, which shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the state savings and loan association; and the federal savings and loan association as of the time of taking effect of such conversion shall succeed to all the rights, obligations and relations of the state savings and loan association.

SEC. 47. [MAY SUBSCRIBE TO SHARES OF FEDERAL SAVINGS AND LOAN ASSOCIATION.] Any association organized and existing under this Act may when authorized so to do by its by-laws subscribe to the shares of a federal savings and loan association and pay for such shares in cash or by the transfer of such assets of the subscriber as are approved by the Auditor of Public Accounts in writing. None of the shares so acquired shall be sold, transferred or otherwise disposed of, except with the written approval of the Auditor of Public Accounts.

SEC. 48. CONVERSION OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS. Any Federal Savings and Loan Association organized pursuant to an Act of Congress entitled Home Owners' Loan Act of 1933, may be converted into an association incorporated under the laws of this State by an affirmative vote of the shareholders in person or by proxy owning or holding not less than seventy-five (75) per centum of the outstanding shares of such association, and any association which was heretofore operating under this Act, and subsequent to its organization converted into an association now operating under the Act of Congress hereinabove referred to, may be reconverted into an association incorporated under the laws of this State by an affirmative vote of the shareholders in person or by proxy owning or holding not less than fifty-one (51) per centum of the outstanding shares of such association: Provided, that at least thirty (30) days before any meeting of the shareholders called for the purpose of voting on the question of conversion or reconversion, written notice to each shareholder shall be served either personally or by mail, postage prepaid directed to him at his last recorded address, which shall contain a statement of the time, place and purpose for which such meeting is called; provided, that previous to such meeting the Auditor of Public Accounts shall, after appropriate examination, find that such Federal Savings and Loan Association is found to have all of the requirements of existing law to entitle it to become a State Association. Provided, further, that said Auditor may prescribe terms and conditions upon which such conversion or reconversion shall be made to bring the association into conformity with State requirements either prior or subsequent within a reasonable time. Provided, further, that the Auditor of Public Accounts may make rules and regulations for the ultimate consummation of such conversion or reconversion and upon fulfilling the provisions hereinbefore mentioned, the Auditor of Public Accounts shall, after submitting the new by-laws of the association to the Attorney General, and if he finds same satisfactory and in conformity with the requirements of this Act, issue a certificate of the complete conversion or reconversion of the association making a part thereof a copy of all papers filed in his office in and about the conversion or reconversion of the association, duly authenticated under his hand and seal of office; and the same shall be recorded in the office of the Recorder of Deeds in the county in which the principal office of the association is located. Upon recording said copy, the association shall be deemed fully converted or reconverted to an association of this State, and may proceed to business.

When such conversion or reconversion becomes effective as hereinbefore provided, all the property of such association, both real and personal, shall immediately by operation of law and without conveyance or transfer of any kind or character, be vested in such converted or reconverted association: Provided, however, That such converted or reconverted association shall continue responsible for all of the obligations of the association prior to the conversion or reconversion.

AN ACT to regulate foreign building, loan and homestead associations doing business in the State of Illinois. [Approved June 20, 1893, in force July 1, 1893.]

SECTION 1. *Be it enacted by the People of the State of Illinois, represented in the General Assembly:* That foreign building, loan and homestead associations doing business in this State shall conduct the same in accordance with the laws of this State governing domestic associations, and no such association shall do any business in this State until it procures from the Auditor of Public Accounts a certificate of authority to do so. To procure such authority, such association shall comply with the following provisions:

First—It shall deposit with the said Auditor one hundred thousand (\$100,000) dollars, either in cash or bonds of the United States or of the State of Illinois, or of any county or municipal corporation in the State of Illinois, satisfactory to the said Auditor.

Second—It shall file with the Auditor a certified copy of its charter, constitution and by-laws, and other rules and regulations showing its manner of conducting business, together with a statement such as is required annually from all associations, and certified copies of all subsequent amendments to such by-laws.

Sec. 2. Whenever such association has complied with the provisions of this Act, and the Auditor is satisfied that such association is doing business according to the laws of this State, and is in sound financial condition, he shall issue his certificate of authority to such association to do business in this State. Annually thereafter, upon the filing of the annual statement herein provided for, if the Auditor shall be satisfied as aforesaid, he shall issue a renewal of such certificate of authority.

Sec. 3 Such foreign association may collect and use the interest on any securities so deposited, so long as it fulfills its obligations and complies with the provisions of this Act. It may also exchange them for other securities of equal value and satisfactory to the Auditor.

Sec. 4. The deposit made with the Auditor shall be held as a security for all claims of residents of this State against said association, and shall be liable for all judgment or decrees thereon, and subjected to the payment of the same in the same manner as the property of other non-residents. Should any association cease to do business in this State the Auditor may release securities in his discretion, retaining sufficient to satisfy all outstanding liabilities.

Sec. 5. Should the Auditor find, upon examination, that any foreign association does not conduct its business in accordance with the law, or that the affairs of any such association are in an unsound condition, or if such association refuses to permit examinations to be made, he may cancel the authority of such association to do business in this State, and cause a notice thereof to be sent to the home office of such association, and to be published in at least one newspaper in the city of Springfield. After the publication of such notice, it shall be unlawful for any agent of said association, to receive any further stock deposits from members residing in this State, except payments on stock on which a loan has been taken.

Sec. 6. Foreign building and loan associations shall pay to the Auditor the following fees, which shall be paid into the State treasury, to-wit: For filing each application for admission to do business in this

4 State, fifty (\$50) dollars for each certificate of authority, and annual
5 renewal of the same twenty-five (\$25) dollars.

Sec. 7. It shall be unlawful for any building and loan associa-
2 tion to do business in this State without having first complied with the
3 provisions of this Act, or for any persons to sell, dispose of or offer to
4 sell or dispose of, any shares of stock of any such association which has
5 not complied with the provisions of this Act, and any association
6 violating any of the provisions of this Act, or failing to comply with
7 any of its provisions, or any person so selling or offering to sell or dis-
8 pose of stock in any such association which has not complied with the
9 provisions of this Act, shall be fined not less than fifty dollars nor more
10 than one thousand dollars, to be recovered by an action in the name of
11 the State, and on collection to be paid into the State treasury; *Pro-*
12 *vided*, That building and loan associations organized in other states,
13 having heretofore transacted business in this State, which shall not have
14 complied with the provisions of this Act, shall have the right to close up
15 their business and fulfill their contracts heretofore entered into with
16 citizens of this State, through their duly authorized agents, without
17 being subject to the penalties prescribed by this Act; but all contracts made
18 after the passage of this Act by such associations not authorized to do
19 business in this State at the time of making such contract shall be null
20 and void.

APPROVED June 20, 1893. In force July 1, 1893.

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